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THE EFFECTS OF CONSUMER ORIENTATIONS ON THE CONSUMPTION OF COUNTERFEIT LUXURY BRANDS

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To the Graduate Council:

I am submitting herewith a dissertation written by Vertica Bhardwaj entitled "THE EFFECTS OF CONSUMER ORIENTATIONS ON THE CONSUMPTION OF COUNTERFEIT LUXURY BRANDS." I have examined the final electronic copy of this dissertation for form and content and recommend that it be accepted in partial fulfillment of the requirements for the degree of Doctor of Philosophy, with a major in Retail, Hospitality, and Tourism Management.

Youn-Kyung Kim, Major Professor

We have read this dissertation and recommend its acceptance:

Ann Fairhurst, Heejin Lim, Rodney Runyan, Robert Ladd, Wanda Costen

Accepted for the Council:
Carolyn R. Hodges

Vice Provost and Dean of the Graduate School

(Original signatures are on file with official student records.)

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A Dissertation
Presented for the
Doctor of Philosophy Degree
The University of Tennessee, Knoxville

Vertica Bhardwaj
December, 2010

In loving tribute to

my grandparents

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ABSTRACT

The emergence of 'new luxury' available at affordable prices has resulted in abundance of counterfeit products in the markets. As the extent of counterfeiting is increasing in almost every industry, it becomes critical to develop measures that can help to prevent buying and selling of counterfeit products. In exploring consumers' buying behavior of counterfeit products, this study was designed to examine the influence of individuals' characteristics or consumer orientations, both social and personal, on that generate the demand for counterfeit brands. This study employed four theoretical frameworks: (a) the Theory of Planned behavior, (b) Value-Attitude-Behavioral intention system, (c) Bandwagon effect in the theory of consumer demand, and (d) Aberrant consumer behavior.

Specifically, this study investigates consumers' intention to purchase counterfeit brands based on their social consumer orientation (social conformity, status seeking, fashion consciousness, and price-quality schema) and personal consumer orientation (ethical value, social responsibility, and integrity), attitudes toward the purchase of counterfeit brands, subjective norm, and perceived control over the purchase of counterfeit brands. Further, this study aims to explore the role of price sensitivity as a moderator in understanding the relationship between attitudes and intentions to purchase counterfeit and original luxury brands.

This study was conducted in the context of fashion luxury brands that sell handbags and wallets. An online self-administered survey methodology was employed to collect the data from 500 subjects. The data were analyzed by maximum likelihood estimation (MLE) procedure using

structural equation modeling (SEM). Out of total 14 proposed hypotheses, 10 were significant, as expected. However, the rest 4 were not found to be significant. Status seeking was found to have an insignificant relationship with subjective norm to purchase a counterfeit brand. Fashion consciousness was found to have a negative influence on attitude while the relationship of price-quality schema with attitude was not found to be significant. Also, integrity was not found to significantly influence subjective norm. Price sensitivity did not act as a moderator due to non significant relationships between attitude and intensions to purchase counterfeit and original brands. Research and managerial implications, limitations, and suggestions for future research were drawn based on the results.

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CHAPTER 1
INTRODUCTION

Two 18-year-old females were charged by the undercover detectives with felonies for selling fake Louis Vuitton handbags in an event based on the concept of a Tupperware party in Florida (O'Brien, 2003). This case illuminates the presence of fake products and its associated consumer misbehavior. Despite constant efforts to curb the growing problem of selling fake products by government officials and organizations such as International Anti Counterfeiting Coalition (IACC), events such as 'purse parties' have remained a trend and source of providing fake fashion luxury products to consumers during the past years. This has created a serious concern for luxury brand managers, marketers, policy makers, and law enforcement officials. Buying of fake products at lower prices and lower quality has grown significantly worldwide and has become a serious subject of global concern (Maldonado & Hume, 2005).

According to The International Anti Counterfeiting Coalition (2009), about $600 billion of sales and revenues is lost in world trade per year, which makes about 7-10% of the total world trade. Specifically, it has been estimated that U.S retailers lose over $250 billion on an annual basis due to buying and selling of counterfeit clothes, fashion accessories, and other merchandise (Global Market Review of Counterfeit Apparel─ Forecast to 2014, 2008). Abundance of counterfeit and pirated products lead to harmful effect on the sustainable economic development due to significant losses of legitimate businesses across the globe (IACC, 2009).

Although counterfeiting has existed since 1970s, there is a limited knowledge on consumer behavior that pertains to counterfeit products and factors that influence the willingness to purchase counterfeit brands (Eisend & Guler, 2006). It has been noted that the phenomenon of

counterfeiting is equivalent to that of theft (Green & Smith, 2002), implying that individuals who either sell or buy counterfeit products are a part of this crime. Consumers' growing demands for luxury brands such as Louis Vuitton, Yves Saint Laurent, Gucci, and Prada are increasing at a faster pace. Unlike earlier days when luxury brands were mainly for the privileged few, there has been a phenomenal expansion in the luxury market that reached to about US$100 billion industry in 2008 with an annual growth of 12% (IACC, 2009). It is estimated that the luxury industry will reach one trillion by 2011 (The Luxury Institute, 2007). The reason for this fast growing industry is often associated with the emergence of the 'new luxury goods' in the market (Thomas, 2007). These new luxury goods differ from the traditional luxury goods as they are easily accessible and more affordable by the masses (Truong, Simmons, McColl, & Kitchen, 2008). In fact, the luxury goods market has experienced significant vulnerability to counterfeit fashion producers. This 'new luxury' sold at lower prices to the consumers is often times unauthorized and illegal, thereby resulting in selling of counterfeit luxury brands. Against this backdrop, Wetlaufer (2001, p. 12) cited

> *Who steals my purse steals trash…*
> *But he that filches from me my good name*
> *Robs me of which…makes me poor indeed.*
>
> Lago in William Shakespeare's (III, iii)

Although there has not been a consensus on the characteristics of the brands that constitute the luxury market, it has been widely accepted that such brands evoke exclusivity and brand awareness, have higher perceived quality and brand identity, and retain higher sales (Kim & Karpova, 2009). In fact, "luxury" is a key component in differentiating brands and products; thus, consumers form their preferences for specific brands as these brands may offer positive

perception of “luxury” (Belk, 1985). The display of luxury products often signifies individuals’ power and achievement, and reflects personality of those who carry these products (Thomas, 2007). For this reason, consumers use luxury products as a medium to display their prestige and wealth. Veblen (1922) referred to the display of wealth through consumption of luxury products as conspicuous consumption, for which the primary objective is to impress others. That is, individuals consume luxury brands because these brands act as a source to enhance their social status and reflect prosperity (Kapferer, 1997; Mandel, Petrova, & Cialdini, 2006).

With their marketing strategies and support of media, luxury retailers have been successful in creating and widening awareness of their brands in the market and, as a result, have sustained and maintained their brand equity (Mandel et al., 2006). As many luxury fashion brands such as Louis Vuitton, Yves Saint Laurent, Gucci, Prada, Giorgio Armani, Hermes, and Chanel have struggled through tough market competition and economic downturn, they have invested substantial amount of money to create an identity that differentiates them from others in the market (Thomas, 2007). However, luxury brands become highly vulnerable to counterfeit producers due to their high profile and unique niche market associated with the luxury brands (Phau, Teah, & Lee, 2009).

Counterfeiting exists in almost all product categories including clothing and accessories, pharmaceuticals, automotive parts, cosmetics, electronics such as television sets and mobile phones, software, media, and even currencies (Green & Smith, 2002). The continuing problem of buying and selling of counterfeit products poses threats to brand owners, retailers, and end users (i.e., consumers). Unlike counterfeit automotive parts, drugs, or pharmaceutical products, counterfeit fashion products do not cause any physical harm to its consumers. However, they tarnish companies’ valuable and intangible assets such as “intellectual property” and “brand” by

erosion of the equity, reputation, and positioning in the market. This erosion results in the loss of consumer trust and confidence in the company (Green & Smith, 2002). With the fast-growing crime of counterfeiting, brand owners and managers usually confront issues about different ways to prevent huge losses in business profits, brand reputation, and consumer trust. In sum, counterfeiting is considered a social problem as it affects consumer confidence in original products and destroys brand equity (Veloutsou & Bian, 2008). It is also considered an economic problem as it puts a company at risk of future investment in research and development due to unfair competition with counterfeited products present in the market (Maldonado & Hume, 2005) and losses in revenues (Grossman & Shapiro, 1988).

Rapid diffusion of technology for manufacturing goods has improved the ability to produce duplicate products in an easy, quick, and inexpensive fashion (Financial Express, 2009). According to Hopkins, Kontnik, and Turnage (2003), there are primarily five reasons for the sudden growth of counterfeiting in the market: (a) availability of technology and easy access to internet that provides various ways to produce high-quality counterfeit products by copying logos, designs, and packaging of the original brands; (b) globalization and integration of markets across the world that smoothens the flow and distribution of counterfeit products from one geographic location to another; (c) over-production of the legitimate goods in countries such as China, Vietnam, Egypt, and Columbia, resulting in the creation of counterfeit products that are sold to consumers through improper channels; (d) absence or lack of implementation of legal penalties for counterfeiting in various countries; and (e) increased linking of counterfeiting to organized crime and terrorist activities (e.g., Sheikh Omar Abdul Rahman, the prime suspect identified by FBI in the first bombing of World Trade Center in 1993, had links among 20 alleged counterfeiters selling t-shirts in the NY/NJ area). Depending on the awareness among

consumers, counterfeiting can be classified as two categories: deceptive and non-deceptive counterfeiting.

Deceptive and Non-deceptive Counterfeiting

Research on counterfeiting has acknowledged the differences in the perceptions of counterfeit brands based on the level of awareness among consumers. Some consumers buy a counterfeit brand without being aware of the intellectual property infringement, signifying the purchase of a '*deceptive counterfeit*' product (Eisend & Guler, 2006). Producers of this type of counterfeits deceive consumers into thinking that they are buying original products which in fact turns out to be made or sold illegally. Therefore, in this case, consumers' behavior of purchasing these products cannot be held accountable as they buy such products unknowingly. However, some consumers are aware that they are purchasing a counterfeit brand, signifying the purchase of a '*non-deceptive counterfeit*' product. Since these consumers knowingly purchase the products that are not legitimate, the manufacturers and retailers cannot be blamed for deceiving the consumers (Ang et al., 2001). This non-deceptive purchase of counterfeiting gives birth to the discussion of consumer misbehavior in the marketplace, indicating the need to understand reasons for their misbehavior, or unlawful behavior.

DEFINING THE PROBLEM

As the extent of counterfeiting is increasing in almost every industry, it becomes critical to develop measures that can help to prevent manufacturing and selling of counterfeit products. Previous literature identified various factors that contribute to the purchasing counterfeit products. From the demand side of counterfeit products, the most common reason to buy them is the low

and affordable price (Eisend & Guler, 2006). However, studies suggest that consumers with higher income also involve themselves in buying counterfeit products (Eisend & Guler, 2006), indicating that price is not the only reason that explains the demand of counterfeit products. Researchers have identified the non-price related factors for the demand of counterfeit brands that include counterfeit product characteristics in terms of exclusivity, quality, and appeal (Wee, Tan, & Cheok, 1995); perceived price benefits, self identity, store reputation, and brand image (Alberts-Miller, 1999; Bloch, Bush, & Campbell, 1993); psychographics of individuals (Cordell et al., 1996); demographic variables (Solomon & O'Brien, 1991); social visibility (Nill & Schultz, 1996); cost benefits and prosecution risk (Wang, Zhang, Zang, & Ouyang, 2005); and brand status and perceived fashion content (Wee et al., 1995).

Despite all the aforementioned works, it appears that a theory-based framework that promotes an understanding of consumers' demand for counterfeit brands is almost untouched. Previous studies on consumers' behavior toward counterfeiting were based either on country-of-origin (Chakraborty, Allred, & Bristol, 1996) or observations of industry data (Bloch et al., 1993; Wee et al., 1995). Notably, out of some recent studies in the demand side of counterfeit brands, very few have applied existing theoretical frameworks (Eisend & Guler, 2006). One such study was conducted by Penz and Stottinger (2005) who utilized *Theory of Planned Behavior* (TPB) to determine the impacts of self-identity, fashion involvement, and readiness to take risk on intentions to purchase counterfeits. Although Theory of Planned Behavior (Ajzen, 1985), Theory of Reasoned Action (Ajzen & Fishbein, 1980), and Expected Utility Theory (Neumann & Morgenstern, 1944) have often been related to the phenomenon of copying or downloading illegal software, these theories have been rarely applied to a setting that involves consumer misbehavior of purchasing counterfeit products.

In addition, studies that have examined the relation of individual characteristics to the intention to purchase counterfeit brands have vaguely or negligibly touched upon the aspects of consumers' moral beliefs and their social influence on performing a behavior (Swami, Chamorro-Premuzic, & Furnham, 2009). Moreover, understanding of consumers' attitudes and their behavior in relation to avoiding consumption of counterfeit brands has been neglected. To comprehend consumer behavior toward the purchase of counterfeit brands from a holistic view, it is critical for marketers, policy makers, and researchers to recognize the importance of capturing ethical and moral components along with social characteristics that explain the consumption of counterfeit luxury brands. Moreover, the role of price sensitivity as a moderator between attitudes and intentions to purchase counterfeit and original products has also not been examined in the existing literature on counterfeit consumption. Therefore, this study aims to address these aforementioned gaps by proposing a comprehensive model that examines several factors (i.e., consumer orientations, attitudes, subjective norm, and perceived control of behavior) in reference to the purchase of counterfeit fashion brands as well as original fashion brands.

RESEARCH AIM

Based on the discussion related to consumption of counterfeit brands, this study attempts to provide insights into the demand side of counterfeiting. The aim of this study is to develop an in-depth understanding of factors that shape attitudes and intentions that finally lead to consumer misbehavior toward the purchase of illegally sold counterfeit brands. Specifically, this study investigates consumers' intention to purchase counterfeit brands based on their social consumer orientation (social conformity, status seeking, fashion consciousness, and price-quality schema) and personal consumer orientation (ethical value, social responsibility, and integrity), attitudes toward the purchase of counterfeit brands, subjective norm, and perceived control over the

purchase of counterfeit brands. Further, this study aims to explore the role of price sensitivity as a moderator in understanding the relationship between attitudes and intentions to purchase counterfeit and original luxury brands.

Objectives

The specific objectives of this study are:

(a) To investigate the influence of social consumer orientation (social conformity, status seeking, fashion consciousness, and price-quality schema) on attitudes toward the purchase of counterfeit brands and subjective norm.

(b) To investigate the influence of personal consumer orientation (ethical value, social responsibility, and integrity) on subjective norm and perceived control over the purchase of counterfeit brands.

(c) To investigate the influences of attitudes toward the purchase of counterfeit brands, subjective norm, and perceived control on the intentions to purchase counterfeit and original brands.

(d) To examine the role that price sensitivity plays as a moderator between attitudes toward the purchase of counterfeit brands and intentions to buy counterfeit and original brands.

The operational definitions of the main constructs used in this study are provided in Table 1.

Assumptions of this study

a) This study examines consumer behavior toward non-deceptive counterfeit brands where consumers knowingly purchase fashion brands that are not original. This is considered

important as it will help to investigate the factors that explain consumers' attitudes and intentions to buy counterfeit brands.

b) For clarity and convenience in this study, the meaning of the term 'counterfeiting' is adapted from Eisend and Guler (2006). Therefore, 'counterfeit products' in this study refer to the products that are copies or duplicates of original products with high brand value in the market, are sold at significantly lower prices than the original ones, and are almost indistinguishable at a distance from the original design in many aspects.

c) This study will be conducted in the United States.

d) This study will investigate intentions to purchase counterfeit brands for self, not for others.

SIGNIFICANCE OF THE STUDY

The luxury goods market has experienced significant vulnerability to counterfeit fashion producers. As counterfeit brands impose a threat to legitimate businesses and brand owners, it becomes utmost important for marketers and researchers to capture the reasons for the demand for such brands. To address this issue, this study proposes a research model which is designed to understand the factors that explain intentions to buy counterfeit brands in a holistic manner (including social and personal consumer orientations). The proposed model rests on the premise that consumers misbehave due to the presence of certain predispositions (Fullerton & Punj, 1993). In the course of examining consumer orientations, attitudes, subjective norm, perceived control, and intentions to purchase counterfeit brands, specific contributions can be generated. It

is argued that this study will contribute to both theory and practice in the areas of counterfeiting and consumer behavior in several ways.

First, this study will contribute to the literature on consumer behavior in relation to purchasing counterfeit brands by establishing relationships among consumer orientation, attitudes toward the purchase of counterfeit brands, subjective norm that emerges due to social pressure, perceived behavioral control over the purchase of counterfeit brands, and behavioral intentions to purchase counterfeit versus original brands. Also, individuals with high and low sensitivity to price will be compared in the relationship between attitudes and intentions.

Second, while there have been significant recent advances in understanding what factors influence purchasing counterfeit brands, most studies have utilized a segmented approach of looking at the demand side of counterfeiting. This study takes a holistic approach in accomplishing the proposed research objectives by combining Theory of Planned Behavior, value-attitude-behavior system, the bandwagon effect in the theory of consumer demand, and aberrant consumer behavior.

Third, while previous researchers reported various reasons for the purchase of counterfeit brands such as product characteristics, price, and quality (e.g., Albers-Miller, 1999; Ang, Chen, Lim, & Tambyah, 2001; Bloch et al., 1993; Cordell et al., 1996; Gentry et al., 2006; Penz & Stottinger, 2005; Solomon & O'Brien, 1991; Swinyard et al., 1990; Wee et al., 1995), they have not examined how social and personal consumer orientations affect the formation of attitudes to purchase counterfeit brands. In other words, there is limited work on exploring this issue from the perspective of social consumer orientation (social conformity, status seeking, fashion consciousness, and price-quality schema) and personal consumer orientation (ethical value,

social responsibility, and integrity). The current study will potentially fill this gap. By understanding personal orientation, retailers can promote their brands to consumers through marketing efforts that reflect moral beliefs, ethical values, and social responsibility. In fact, retailers have often used marketing strategies that incorporate social aspects of consumers (Penz & Stottinger, 2005; Wee et al., 1995; Wilcox et al., 2009). As consumers knowingly purchase counterfeit brands, the influence of individuals' moral obligations and responsibility on the society as a whole needs to be explored along with the social dimensions of the demand for such brands. As there is limited work in this specific area, this study is timely and important.

Finally, this study will provide an in-depth understanding of social consumer orientation (social conformity, status seeking, fashion consciousness, and price-quality schema) and personal consumer orientation (ethical value, social responsibility, and integrity) that can help marketers to effectively develop strategies and help policy makers to curb the purchase of counterfeit fashion brands in the market. Moreover, since no empirical support exists for the influence of personal factors on social pressure and perceived control in performing a behavior, this study intends to establish and empirically test the influence of personal consumer orientations such as ethical value, social responsibility, and integrity on subjective norm and perceived control over the purchase of counterfeit brands. This study will provide managerial implications by examining how consumers' inherent moral philosophies allure (not allure) them to behave in an unacceptable manner through the purchase of counterfeit fashion brands. In sum, by focusing on the demand side of counterfeit brands, this study identifies consumers' orientations (i.e., social and personal) that may predict their behavior toward the purchase of counterfeit luxury brands.

SUMMARY

This chapter introduces a daunting and rapidly growing problem of counterfeiting of products. Counterfeiting reproduces goods that are illegal but identical to the original products, which creates economic, social, and legal concerns for our society. High margins for the counterfeit business and deep discounts for its consumers accelerate the growth of counterfeiting. This study is designed to explore how and why consumers desire counterfeit brands. For this purpose, this chapter began with an illustration of the phenomenon of counterfeiting and various aspects related to it. In this process, this chapter classifies the counterfeit market as either supply side or demand side. The supply side of counterfeiting involves production, distribution, and market operations of illegal products and ways to fight against the growth of illicit producers (Staake et al., 2009).

On the other hand, the demand side of counterfeiting includes purchase intentions, willingness, and attitudes that result in favorable or unfavorable behavior toward counterfeit products/brands (Ang et al., 2001; Cordell et al., 1996). This study is conducted to examine the factors related to the demand side of counterfeiting. Another categorization of counterfeit brands is based on awareness level about a brand, that is, whether consumers are aware that the brand is counterfeited or not. This chapter further identifies the gap in the existing literature on the demand side of counterfeit brands, provides a rationale for the study, outlines research aims and specific research objectives, and provides the significance of the study.

Following Chapter 1, the literature review and hypotheses are presented in Chapter 2. Chapter 3 describes the methods for data collection, hypotheses testing, sample selection, scales for each construct, and pre-test results. Chapter 4 provides the results including sample

characteristics, preliminary statistical tests, confirmatory factor analysis, and structural equation modeling. The dissertation concludes with Chapter 5 which presents final conclusions, implications, limitations, and directions for future research.

CHAPTER 2
LITERATURE REVIEW

Chapter 1 introduced the phenomenon of counterfeiting and identified a need to better understand why consumers buy counterfeit brands. Guided by the identified gaps in the previous chapter, the main objectives of this study are designed to determine (a) the influences of social and personal consumer orientations on individuals' attitudes, subjective norm, and perceived control of behavior in relation to the purchase of counterfeit brands, (b) the influences of consumers' attitudes, subjective norm, and perceived control on the intentions to buy counterfeit and original brands, and (c) the role of price sensitivity as a moderator between attitudes and intentions to purchase counterfeit and original brands.

To achieve these objectives, Chapter 2 starts with a brief explanation about counterfeiting in general, followed by an illustration of the theoretical frameworks and conceptual foundations including the Theory of Planned Behavior, Value-Attitude-Behavior system, Bandwagon effect of the theory of consumer demand, and Aberrant Consumer Behavior. Following this, a conceptual model is developed based on an extant review of literature. Then, research hypotheses are proposed depicting the relationships among the variables in the model (i.e., social conformity, status seeking, fashion consciousness, price-quality schema, ethical value, social responsibility, integrity, price sensitivity, attitudes, subjective norm, perceived control, and intentions to purchase counterfeit and original brands).

THE PHENOMENON OF COUNTERFEITING

During the last couple of decades, the phenomenon of counterfeiting has increasingly become an area of interest by academicians. Review of the academic literature and trade publications on counterfeiting reveals a number of definitions. Cordell et al. (1996) provided the definition of counterfeiting as "any unauthorized manufacturing of goods whose special characteristics are protected as intellectual property rights (trademarks, patents, and copyrights)" (p. 41). Lai and Zaichkowsky (1999) conceptualized counterfeiting as the act of patronizing and selling illegally produced goods that resemble genuine goods but are lower in quality, performance, and durability. In their book, Hopkins et al. (2003) defined counterfeiting as "the knowing duplication of a product by a party who wishes to usurp the brand or trademark of another" (p. 9).

Several definitions of counterfeits or counterfeited products are also available. Kay (1990) defined counterfeit products as the reproduced goods that are identical to the legitimate articles in packaging, trademarks, and labeling. Similarly, Wilcox et al. (2009) defined counterfeits as 'genuine fakes' that are copies of original products which have high brand value in the market and are made to deceive consumers in the market. These brands are primarily sold in nonauthorized dealers' shops at extremely lower prices than the original ones and are almost indistinguishable from the original designs in many aspects such as color schemes, design, raw material, and stitches. According to Trade-related Aspects on Intellectual Property Rights (TRIPs), counterfeit goods are those that are sold without authorization and cannot be distinguished from the trademark-registered goods in various aspects such as design, logo, trademark, and company name (Staake, Thiesse, & Fleish, 2009). As implied by most of these definitions, counterfeit products are similar in terms of look or appearance to the original brands,

and thus the demand for fashion counterfeit brands has been increasing across the world. This increase in demand for counterfeit luxury brands poses serious threats to industries, brand managers, retailers, and even consumers (Kim & Karpova, 2009). In order to control the existence and the increasing number of counterfeit brands, it is important to understand the supply and demand side of counterfeit brands. The following section identifies differences between the two.

THE SUPPLY AND DEMAND SIDE OF COUNTERFEITING

The investigations in the supply side of counterfeiting are concerned with issues relating to the production, distribution, and market operations of illegal products and ways to fight against the growth of illicit producers (Staake et al., 2009). Accordingly, research studies in the supply side of counterfeiting focus on providing ethical, legal, and management suggestions and strategies to control counterfeiting issues (e.g., Bamossy & Scammon, 1985; Bush, Bloch, & Dawson, 1989). More specifically, Harvey and Ronkainen (1985) documented potential ways (e.g., using technology) to manufacture counterfeit products. In a similar vein, Green and Smith (2002) investigated a case of counterfeiting in the Asian market that produced and distributed counterfeit beverages. Among other examples of studies on the supply side of counterfeiting are investigation of the relationship between manufacturers and distributors of counterfeit products (Olsen & Granzin, 1992; 1993), the problem associated with brand piracy (Kaikati & LaGrace, 1980), benefits that product piracy brings to the firm (De Castro et al., 2008), protection of intellectual property against piracy (Conner & Rumelt, 1991), application of the social exchange theory that motivates firms to be involved in the counterfeiting business (Glass & Wood, 1996), and development of profit maximization models through selling of counterfeit products (Khouja & Smith, 2007).

Researchers have also looked at the demand side of counterfeiting (Ang et al., 2001; Cordell et al., 1996; Gentry et al., 2006; Staake et al., 2009; Veloutsou & Bian, 2008; Wee et al., 1995). This research stream includes investigations into consumers' purchase intentions, willingness, and attitudes that result in favorable or unfavorable behavior toward counterfeit products/brands. From the demand side of research stream under counterfeiting, consumers are considered to contribute to the crime of counterfeiting by creating favorable attitudes and demands for such products. Although the demand-based research has enriched the understanding of determinants that govern purchase decisions, it is still in a state of evolution and requires further research to understand several other aspects of counterfeit demand and consumer misbehavior (Staake et al., 2009).

Researchers have identified several factors that explain the consumption demand of counterfeit products including low prices, quality and investment risks (Gentry et, al., 2006), perceived price benefits (Bloch et al., 1993; Albers-Miller, 1999), product characteristics (Wee et al., 1995; Cordell et al 1996), demographic variables (Solomon and O'Brien, 1991), psychographic characteristics (Swinyard et al., 1990; Wee et al., 1995; Cordell, et al., 1996), social influences (Ang et al., 2001), and search costs and accessibility (Penz & Stottinger, 2005). As consumers' drive to buy counterfeit brand increases, it becomes critical to understand how and why consumers are motivated and have favorable attitudes toward the purchase of counterfeit brands. Specifically, the focus of this study is to achieve an in-depth understanding of consumers' orientations (social and personal) leading to attitudes toward the purchase of counterfeit brands and underlying mechanism of their intention to purchase these brands within the framework of the Theory of Planned Behavior, Value-Attitude-Behavior paradigm, aberrant consumer behavior, and bandwagon effect of the consumer demand. Furthermore, this study will

identify the relationships and their strengths among social consumer orientation (i.e., social conformity, status seeking, fashion consciousness, and price-quality schema), personal consumer orientation (i.e., ethical value, social responsibility, and integrity), attitudes, subjective norm, perceived control, and intentions to purchase counterfeit and original brands. Additionally, this study will examine the influence of price sensitivity on the relationship between consumers' attitudes and purchase intentions for both counterfeit and original brands.

THEORETICAL FRAMEWORKS

This study employs four theoretical frameworks: (a) Theory of Planned Behavior (Ajzen, 1985), (b) value-attitude-behavioral intention system (Fishbein & Ajzen, 1975), (c) bandwagon effect in the theory of consumer demand (Leibenstein, 1950), and (d) aberrant consumer behavior (Fullerton & Punj, 1993). By using these theoretical frameworks, this study investigates consumers' orientations (social and personal) underlying the quest for counterfeit luxury fashion brands. More specifically, this study provides empirical support to the social, ethical, and consumption-specific attributes that influence consumers' intentions to purchase counterfeit brands.

THEORY OF PLANNED BEHAVIOR

Much has been researched to predict behavior dispositions and intentions based on the Theory of Planned Behavior (TPB). Formulated by Ajzen (1985), TPB proposes that individuals' attitudinal or personal component and a normative or social component toward an act positively influence intentions to perform the specific act. As an extension of Ajzen and Fishbein's (1980) Theory of Reasoned Action (TRA), TPB delineates that attitudinal component, normative

component, and control over the behavior formulate individuals' intentions and further influence subsequent behavior. TPB further takes into consideration that there can be some external conditions in which individuals do not have complete control in making decisions to perform in certain situations (Ajzen, 1991).

As proposed by TRA, individuals' behavioral intentions drive a subsequent behavior based on their attitudes toward the behavior and subjective norms (Fishbein & Ajzen, 1975) as shown in Figure 1. From the socio-psychological perspective, TRA is based on the assumption that "human beings are usually quite rational and make systematic use of the information available to them and that they consider the implications of their actions before they decide to engage or not engage in a given behavior" (Ajzen & Fishbein, 1980, p. 5). Thus, TRA posits that an individual's behavioral attitude influences intention.

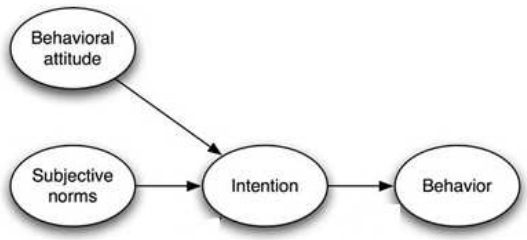

Figure 1. The Theory of Reasoned Actions

TRA also includes a social component, the subjective norm, referring to an individual's perception of the social pressure to whether or not to perform the behavior in question (Fishbein & Ajzen, 1975). Normative pressure, another term frequently used for subjective norm, has been defined as "the person's perception that most people who are important to him think he should or should not perform the behavior in question" (Fishbein & Ajzen, 1975, p. 302). In addition, behavioral intentions can be viewed as an immediate antecedent of the actual behavior and

indicate an individual's readiness to perform the actual behavior (Fishbein & Ajzen, 1975). In the context of counterfeit brands, an individual may have favorable attitudes toward the purchase of counterfeit brands; however, the intention to purchase may also be influenced by the social pressure (or subjective norm) to buy those brands. Thus, it can be postulated that consumers consciously contemplate whether or not they should buy counterfeit brands before they actually do.

It has been acknowledged that having favorable attitudes toward a behavior and social pressure to perform the behavior do not fully explain the intentions (Fishbein & Ajzen, 2010). That is, consumers' intentions toward purchasing counterfeit brands may also be influenced by factors other than favorable attitudes and subjective norm. Notably, having sufficient volitional control over the behavior has been suggested to improve the prediction of not only the behavioral intentions but also the degree to which individuals actually behave (Ajzen, 1985; Ajzen, 1991). TPB addresses this issue by including the construct of perceived control of behavior (PCB) as shown in Figure 2.

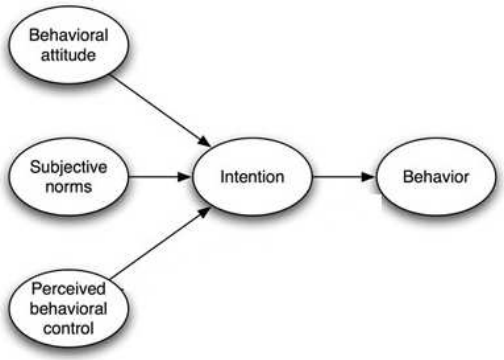

Figure 2. The Theory of Planned Behavior

PCB has been defined as an individual's perception of the degree to which he/she is capable of or has control over performing a behavior (Ajzen, 1991). Another conceptualization of PCB is the perceived belief of how easy or difficult the performance of the behavior in question is likely to be (Ajzen & Madden, 1986, p. 457). PCB in the TPB has two subcomponents: internal factor and external factor. Internal factor refers to the extent of confidence that a person has in his/her ability to perform a behavior; whereas the external factor refers to the resource constraints (such as time and money) that are required to perform the behavior (Beck & Ajzen, 1991). High perceived control represents a fundamental expectation that internal factors, such as competence, willpower, and determination, are responsible for performing (or not performing) behaviors, outcomes, and events in an individual's life (Fishbein & Ajzen, 2010). Besides attitudes and subjective norm (as formulated by TRA), a measure of perceived control of behavior has been found to predict the behavior in numerous studies leading to the conclusion that higher perceived control indicates lower confidence in performing the behavior in question (e.g., Ajzen, 1991; Armitage & Conner, 1999; Conner & Sparks, 1996, Manstead, 1996). As a general rule, individuals may differ in their level of control over their behavior. For example, a stronger perceived control indicates that individuals' responses to intentions to perform an unwanted behavior will be based on their low willpower (or ability) and determination (Fishbein & Ajzen, 2010). Taken comprehensively, TPB specifies four variables that can influence behavior in individuals: (a) intention, (b) attitudes toward performing a behavior, (c) subjective norm, and (d) perceived control over performing the behavior.

TPB has supported the predictability of socially acceptable behaviors such as attending college (Harrison, Thompson, & Rodgers, 1985), and losing weight (Schifter & Ajzen, 1985), as well as socially unacceptable or immoral activities such as dishonest actions of cheating (Beck &

Ajzen, 1991), drinking problem (Park & Lee, 2009), shoplifting (Tonglet, 2001), software piracy (Peace, Galletta, & Thong, 2003), online music piracy (d'Astous et al., 2005), and purchase of fashion counterfeit products (Penz & Stottinger, 2005). In this study, TPB is applied to the purchase of counterfeit brands in order to understand the factors that explain intentions to purchase counterfeit luxury brands in the United States.

The past literature indicates that individuals' attitudes toward counterfeit brands influence their intentions to purchase these brands (Kim & Karpova, 2009; Lee & Johnson, 2007). Several theories have been applied in empirical studies that seek to understand consumer behavior in different settings. Specifically, Theory of Planned Behavior (TPB) has been applied to immoral or illegal activities. In Chang's (1998) study comparing TPB and TRA in the context of illegal software copying, TPB better predicted the purchase of illegal software than TRA did; and attitudes and perceived control of behavior better predicted intentions to purchase illegal software than subjective norm did. In a similar context, d'Astous et al. (2005) also applied TPB to the context of online music piracy and found similar results.

Several studies have applied TPB and TRA to the context of counterfeit fashion brands. Kim and Karpova (2009) used TPB to assess the influences of value consciousness, status consumption, materialism, and product appearance on consumers' intention to purchase counterfeit brands. Matos et al. (2007) used TRA with a basic aim to understand consumers' attitude toward counterfeit brands. Penz and Stottinger (2005) used TPB to determine the influence of embarrassment potential, self identity, readiness to take risk, fashion involvement, and ethical disposition on consumers' attitude in buying counterfeits. Phau and his colleagues

(Phau & Teah, 2009; Phau et al., 2009) used TRA to explore constructs of materialism, status consumption, attitudes towards lawfulness and legality of counterfeit brands.

The current study examines attitudes toward the purchase of counterfeit brands (reflecting the behavior) instead of attitudes toward counterfeit brands (e.g., Fishbein & Ajzen, 1975; Maldonado & Hume, 2005; Matos et al., 2007; Phau & Teah, 2009, Phau et al., 2009; Wee et al., 1995). Specifically, it may not be appropriate to predict whether individuals will purchase a counterfeit brand by measuring their overall attitudes toward the counterfeit brand; rather, their attitude toward the behavior (i.e., purchasing a counterfeit brand) may provide insights in understanding why consumers engage in intentional purchase of counterfeit brands and indulge in this misbehavior.

VALUE-ATTITUDE-BEHAVIOR SYSTEM

Past research in sociology and consumer behavior frequently employed the constructs of individuals' orientations and values in relation to their behavior (Homer & Kahle, 1988; Rokeach, 1973; Spates, 1983). Theoretically, a universal definition of orientation does not exist in the consumer behavior and marketing literature. However, social scientists agree on the conception of orientation as "generalized patterns of response or modes of coping with the environmental situations" (Kassarjian, 1971, p. 409). In his approach to explain the concept of orientation in relation with consumer behavior, Cohen (1967) claimed orientation as an amalgamation of a set of traits and habitual activities that individuals involve in on a regular basis. Furthermore, his work reflected that orientation can be considered a general indicator of the differences in behavior among consumers. In another view, it is considered that social environment acts as a stimulus that motivates and energizes individuals to perform activities to obtain specific goals in

their life (Bruce & Witt, 1970). In this regard, orientation in individuals is considered to be formed based on a set of cognition-based beliefs that become inherent to them over time and are expressed as values. Based on the work by Fulton et al. (1996), it is contended that orientation strengthens cognition-based beliefs and result in formation of set values in individuals.

Values often influence evaluations, choices, and decision-making capabilities, suggesting the relationship of values to behavior (Mischel, 1990). Numerous definitions across various disciplines point out value as a construct that can govern the behavior of individuals. For example, Rokeach (1973) defined value as "an enduring belief that transcends specific objects and situations and thus influence attitudes and behaviors" (p. 5). Additionally, Bronowski (1959) suggested that in sociology, "a value is a concept which groups together some modes of behavior in our society" (p. 62). Another interpretation of value viewed it as a cognitive representation that is responsible for achieving human goals (Bilsky & Schwartz, 1992). Kahle (1983) pointed out that values represent an abstract nature of social recognition reflecting characteristics and personality of consumers. Theoretical linkage provided by Rokeach (1973) between personality and value indicated that a system of values generates personality traits in individuals. Based on the conceptualization of consumers' orientations and values, this study uses orientations as a reflection of value system in individuals.

BANDWAGON EFFECT IN THE THEORY OF CONSUMER DEMAND

Past literature on the theory of consumer demand suggested that consumers desire commodities (or products) in order to either conform to their peer group or maintain their exclusiveness from rest others (Amaldoss & Jain, 2005; Brewer, 1991; Veblen, 1899). The literature on consumer demand for products specified consumers' attempt to be 'in style',

indicating their inclination toward conspicuous consumption (Brewer, 1991). In the seminal work by Leibenstein (1950), "*Bandwagon, snob, and Veblen effects in theory of consumer demand,*" he classified consumer demand for commodities into functional and non-functional demands. Functional demands *per se* represent the existence of demand due to the inherent qualities of commodities, whereas non-functional demands represent demand rising due to factors other than the qualities and inherent characteristics of commodities. Further explanation on non-functional demand indicated that consumers' desire for those commodity 'products' primarily rests upon whether or not others are purchasing and consuming the same products. This differentiation is rooted in Veblen's (1899) initial work on the conspicuous consumption of luxury products in *"The theory of the Leisure Class."*. Veblen's (1899) analysis had led to the widely accepted notion that consumers tend to display their wealth and hence are predisposed toward conspicuous consumption. His point was well supported by Leibenstein (1950) who highlighted the non-functional motivations (i.e., factors other than quality of products) for consumption of products.

Leibenstein (1950) suggested three types of effects based on the demand for products: (a) the bandwagon effect, (b) snob effect, and (c) Veblen effect. All these three effects can be differentiated based on the desire to consume (not to consume) certain products or brands. The bandwagon effect reflects the increased demand for products that are quite often found to be consumed by others in the marketplace. Specifically, consumers who are prone to reflect bandwagon effect in their desire to consume products seek to conform to people whom they want to be associated with. On the contrary, snob effect serves the desire for consumers to be unique from others and hence look for products that are not consumed by many people. The Veblen

effect) illustrates the desire for consuming products as a function of price; that is, consumers look forward to purchase those brands that help them obtain success in the market.

Ross, Bierbrauer, and Hoffman (1976) pointed out that consumers consume luxury products due to the bandwagon effect in order to conform to others who also consume those products. Amaldoss and Jain (2005) made a contradicting argument that consumers who purchase luxury brands demonstrate their need to be unique from others, reflecting the snob effect. In Vignernon and Johnson's (1991) research framework, bandwagon and snob effects were depicted as motivations that reflected social value and unique value, respectively. According to them, consumers who are influenced by their peer or social groups are prone to seek approval from them, and hence reflect bandwagon effect in consumption of luxury brands. On the contrary, the conceptualization of snob effect by Leibenstein (1950) pointed out that if the demand for goods increases, then individuals with snob effect may not want to consumer those goods. Individuals with snob effect value luxury brands less if their demand is high in the market (Amaldoss & Jain, 2005). Thus, consumers who adhere to the snob effect may not be interested in counterfeit brands due to lower uniqueness associated with these brands. On the contrary, consumers who believe in bandwagon effect may like to purchase a counterfeit version of a famous luxury brand since they want to be similar to their peers or social groups. Thus this study applies the concept of bandwagon effect in developing a conceptual research framework that explains the desire to consume counterfeit brands.

ABERRANT CONSUMER BEHAVIOR

One of the most pervasive inconsistencies in understanding consumers exists when consumers involve themselves in aberrant behavior. Social scientists have studied this nature of

consumer behavior across various contexts such as shoplifting, credit card misuse, compulsive buying, purchase of illegal products, fraudulent return of merchandise, and gambling (Budden & Griffin, 1996). As defined by Fullerton and Punj (1993), aberrant consumer behavior is "the behavior which violates the generally accepted norms of conduct in situations which is held in disrepute by marketers and by most consumers" (p. 570). Research in this area, hence, emphasizes on the nature and extent of dishonest and socially unacceptable behaviors such as purchase of illegal products, fraudulent merchandise returns or requests for warranty service, and shoplifting (Babin & Babin, 1996). Following this, Babin and Babin (1996) also pointed out that purchase of counterfeit fashion brands has a pervasive deleterious impact on the luxury fashion industry and the society, and thus is considered one of the most common aberrant consumer behaviors. Studies on intentions to purchase counterfeit brands support the argument that consumers tend to misbehave through their consumption of illegally manufactured or sold brands as it creates a pervasive problem for legitimate retailers (Fullerton & Punj, 1993; Shaw & Newholm, 2002).

APPLICATION OF THEORIES

Excessive demand for counterfeit brands is becoming a major concern for legitimate brand retailers as it results in financial loss and loss of their brand equity. Even though TRA and TPB provide strong explanations of overall prediction of individual behavior, Eisend and Guler (2006) mentioned that these theories have been applied by only a few researchers (e.g., Penz & Stottinger, 2005; Phau et al., 2009; Wee et al., 1995) for studying the demand side of counterfeiting. Recognizing this limitation, this study uses Theory of Planned Behavior (TPB) (Ajzen, 1991) and the value-attitude-intention paradigm (Homer & Kahle, 1988) for

understanding the aberrant behavior among consumers who exhibit bandwagon effectin purchasing counterfeit brands. As mentioned by Batra, Homer, and Kahle (2001), consumers' values well explain why consumers choose specific brands and why they want to indulge in consumption that might result in social problems. This being said, the primary objective of this study is double-folded: first, to empirically examine the value-attitude-intention framework in the context of consumption of counterfeit fashion brands; and second, to investigate consumers' intentions to purchase counterfeit brands by adopting the Theory of Planned Behavior (Ajzen, 1991).

CONCEPTUAL MODEL DEVELOPMENT

Recent studies have established models of the consumer demand for counterfeit brands in the market (e.g., Gentry et al., 2006; Grossman & Shapiro, 1988; Kim & Karpova, 2009; Nia & Zaichkowsky, 2000; Penz & Stottinger, 2005). On the whole, these studies look at various social, psychographic, and personality variables such as informational and normative susceptibility, value consciousness, risk aversion, willingness to purchase counterfeits, lawfulness, integrity, personal gratification, perceived fashion content, product appearance, and brand value. Besides these variables, Ravlin and Meglino (1987) also pointed out the importance of values that reflect "honesty" and "welfare of the society". They further emphasized on 'responsible and honest individuals' because these values influence the society in a positive direction. However, except for integrity and lawfulness constructs, the relationship of consumers' intention to purchase counterfeit brands with their ethical concerns and social responsibility has been neglected. Also, the constructs of subjective norm and perceived control from TPB are yet to be explored in the context of purchasing counterfeit fashion brands. For this purpose, this study is aimed to

investigate the relationships among individual orientations, attitudes about the purchase of counterfeit brands, subjective norm, perceived control, and behavioral intentions to buy counterfeit and original brands in the future. The conceptual model for the study is based on four theoretical frameworks. First, with the Theory of Planned Behavior, this study will predict consumers' intentions to purchase counterfeit brands, based on attitudes, subjective norm, and perceived control over the purchase of counterfeit brands. Second, using the value-attitude-behavior system by Homer and Kahle (1988), this study examines consumers' orientation or their value system as an indirect antecedent to their intentions to purchase counterfeit and original brands with attitudes, subjective norm, and perceive control acting as mediators. Third, the bandwagon effect in the Theory of Consumer Demand may explain why consumers want to purchase counterfeit brands, and finally the fourth framework, the aberrant consumer behavior may provide a justification that purchasing counterfeit brands is an undesirable behavior and needs to be understood to suggest strategies to marketers of genuine luxury brand managers. This study also employs price sensitivity as a moderator between attitudes and intentions to purchase counterfeit and original brands.

Based on these frameworks, the research model is developed as shown in Figure 4. The variables in the proposed research model are social and personal consumer orientations, attitudes toward the purchase of counterfeit brands, subjective norm, perceived control over the purchase of counterfeit brands, price sensitivity, and intentions to buy counterfeit and original brands. Specifically, the model has *seven* exogenous variables (i.e., *social conformity, status seeking, fashion consciousness, price-quality schema, ethical value, social responsibility, and integrity*), *five* endogenous variables (i.e., *attitudes, subjective norm, perceived control, intentions to buy*

counterfeit brands, and intentions to buy original brands), and *one* moderator (i.e., *price sensitivity*).

REVIEW OF LITERATURE

CONSUMER ORIENTATIONS

Orientations or characteristics have been the most basic and engrossing concepts in the literature of consumer behavior (McGuire, 1976; Pons, Mourali, & Nyeck, 2006). Although the general definition of orientation does not exist, Kassarjian (1971) referred to it as the reaction or response of individuals to either the stimuli around them or the existing environmental situations. In an attempt to better understand individual orientations, research in psychology divides orientation into directive and dynamic, both of which are found to affect decision making regarding consumption of products (McGuire, 1976).

In consumer research, *orientation* has been found to be a set of traits existing in individuals that result in an outcome behavior (McGuire, 1976). It is evident that *orientation* plays an important role in formulation of individuals' behavior (Pons et al., 2006). In their discussion on predicting the nature of behavior, Pons et al. (2006) defined orientation as the inclination of individuals to embrace an expected behavior. They further elaborate that orientations are often times representative of individuals' motivation and hence can be helpful in predicting consumption behavior.

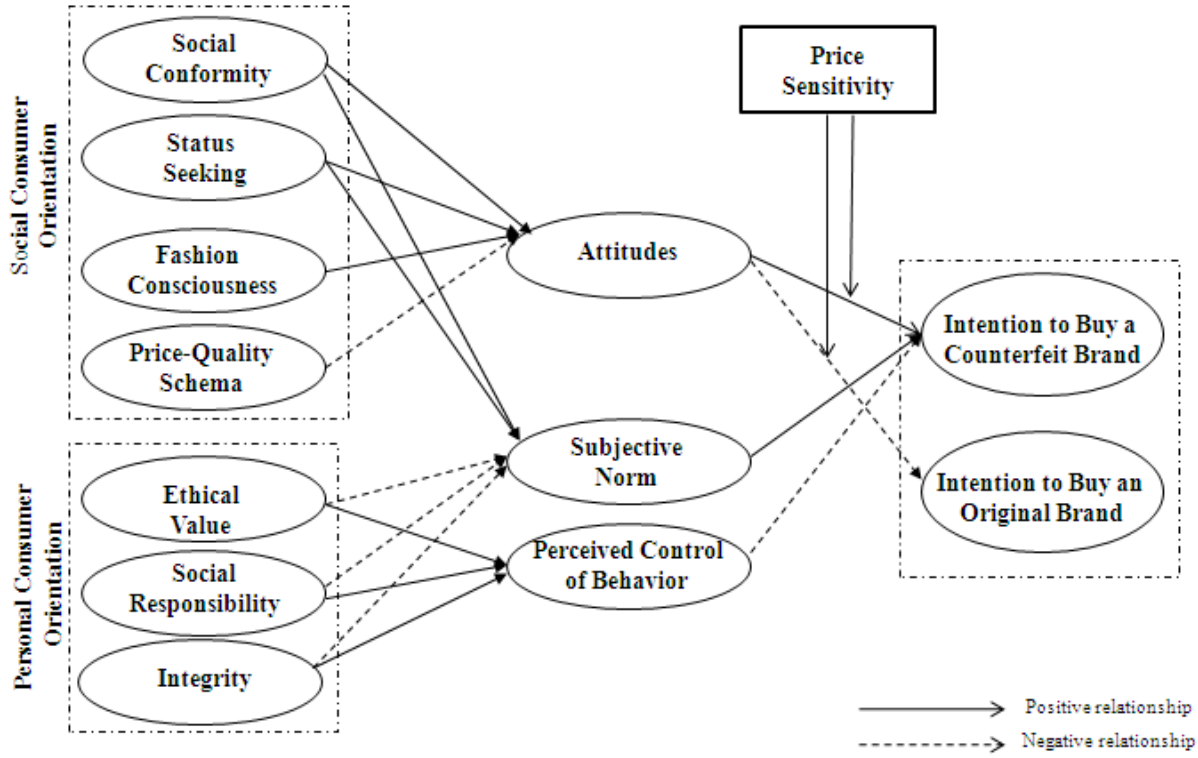

Figure 3. Research Model

In another attempt to shed light on the concept of individuals' orientation, Parsons and Shills (1967) divided orientation into two components: motivation and values. Furthering the discussion, they illustrated that the motivation aspect of personality is oriented towards providing cognition in individuals to obtain certain means and end goals, whereas the value aspect is oriented towards choosing a specific behavior based on their inherent beliefs. These inherent belief patterns result in creation of value orientation in individuals (Fulton, Manfredo, & Lipscomb, 1996), which in turn influence individuals' attitudes toward some object or behavior (Homer & Kahle, 1988; Manfredo et al., 1997).

Because value orientations in individuals are predictive of behavior, it seems vital to understand what types of orientations affect consumers' behavior toward counterfeit brands. The

taxonomy provided by Parsons and Shills (1967) was applied in this study which includes social and personal consumer orientation. Specific to this study, social consumer orientation (which provides satisfaction to consumers) includes social conformity, status seeking, fashion consciousness, and price-quality schema; personal consumer orientation includes ethical value, social responsibility, and integrity.

SOCIAL CONSUMER ORIENTATION

Social Conformity

Studies in social psychology have provided evidence that social conformity is a key explanatory variable in many marketing applications (Bearden and Rose, 1990; McGuire, 1968; Lascu, Bearden, & Rose, 1995; Lascu & Zinkhan, 1999). Research on social comparison has consistently demonstrated that consumers compare themselves with others based on their skills, talent, expertise, and most obviously the products that they use (Moreau & Herd, 2010). In an abstract term, social conformity has been referred to as an innate drive to look externally to get social approval (Klein, 1997). Social conformity can explain the degree of influence of social or reference group on individuals (Klein, 1997). In this stream, social conformity was defined as "the change in their product evaluations, attitude, purchase intentions, or purchase behavior as a result of exposure to the evaluations, intentions, or purchase behaviors of referent others" (Lascu & Zinkhan, 1999, p. 1).

According to Lascu et al. (1995), conformity plays an important role in shaping individuals' decisions toward product choices based on the influence of referent others. They further explain that social influence can be either normative-based (i.e., when individuals

conform to the expectations of referent group) or information-based (i.e., when individuals accept information from referent group as evidence about the reality). Lascu and Zinkhan (1999) argued that individuals may vary in terms of the amount of conformity, with some individuals showing complete conformity and some showing independence of the referent group. As further support to this argument, studies have demonstrated that individuals differ from each other based on their concerns over what others might think of them upon consumption of specific products (Bearden and Rose, 1990; McGuire, 1968; Mourali, Laroche, & Pons, 2005).

Research on social conformity with respect to immoral activities has been explained by the concept of stigmatization (Goffman, 1963). This concept suggests that one form of social approval is grounded in its relationship with stigmatization of a specific behavior. Specifically, stigmatization occurs when an individual possesses some traits/characteristics that are not socially acceptable by his/her referent group and perceived negatively in a social context, leading to negative consequences (e.g., disapproval or avoidance) to the individual (Argo & Main, 2008). Since purchase of counterfeit brands can also be considered as socially unacceptable, it can be associated with stigmatization.

Status-seeking

Individuals seek status to obtain a position or rank given by others in the society. Defined as "an expression of evaluative judgment that conveys high or low prestige, regard, and esteem" (Donnenwerth & Foal, 1974, p. 786), status can be considered as a form of self-presentation. The desire to gain status or social prestige has been found to have a great influence in predicting the behavior of individuals (Goldsmith et al., 1996). Corneo and Jeanne (2005) highlighted that, apart from intrinsic utility, consumers purchase goods in order to achieve greater social status.

Consumers' desire to achieve social status has been linked to branded luxury products (Amaldos & Jain, 2005; Bagwell and Bernheim, 1996; O'Cass & McEwen, 2004; Veblen, 1922; Wee et al., 1995). Consumers who seek status consume products such as clothing, cars, cosmetics, and alcohol that are considered as status symbols (Eastman et al., 1999).

Quest for social status among consumers can be explained by the bandwagon effect that relates to the concept of conspicuous consumption (Corneo & Jeanne, 2005). In the context of this study, bandwagon effect instead of the snob effect better explains consumers' perception of counterfeit brands, as snob effect reflects an increase in the demand for those brands that are rarely or less frequently consumed by others in the society (Leibenstein, 1950). With the bandwagon effect, it can be concluded that the desire to possess luxury branded products to gain esteem may motivate individuals to buy the look-alikes or replicas of original products.

Veblen's (1922) argument that consumers' desire to gain status is enhanced by conspicuous products indicated that consumers may not always spend higher prices for goods in order to achieve status; they may also purchase a larger quantity of conspicuous goods at lower prices in order to gain esteem. Notably, Bagwell and Bernheim (1996) emphasized that luxury brands (sold at a higher price) are not intrinsically superior to budget brands (sold at lower price); in fact, they are just sold at higher prices, with the expectation that consumers will perceive higher status from higher prices. This indicates that consumers may obtain status from consumption of non-expensive products as well. It can be concluded that look-alike luxury brands as well as their original counterparts may provide consumers a sense of status upon consumption.

Fashion Consciousness

In the past, some researchers illustrated strong association of consumers with fashion products (Goldsmith, Heitmeyer, & Freiden, 1991; Kaiser, 1990; Nam et al., 2007; Schrank & Gilmore, 1973; Workmann & Caldwell, 2007 etc). Extensive research by these researchers on fashion products (e.g., clothing and fashion accessories) has been done primarily due to their high visibility, importance in generating self-image, and impressions on others. Schrank and Gilmore (1973) defined fashion as a socially derived valuation of products and recognized it as one of the greatest forces in the present-day life. As another definition, fashion is "a form of collective behavior that is socially approved at a given time but is expected to change" (Summers, Belleau, & Wozniak, 1992). Kaiser (1990) argued that individuals make their decisions based on products that reflect their individuality. In a similar vein, Sprolles and Kendall (1986) listed eight basic characteristics of consumers' decision-making styles based on their interests, one of them being fashion or novelty consciousness. In agreement with the previous statement, Goldsmith et al. (1991) found that consumers' purchase intentions are motivated by their inclination toward fashion products that express themselves. Considered as a vehicle for self-expression or self-identity, fashion products usually act as a tool to impress others (Kaiser, 1990).

Nam et al. (2007) defined fashion consciousness as "a person's degree of involvement with the styles of fashion products" (p. 103). Researchers have further referred to fashion-conscious consumers as those individuals who are characterized by a deeper interest in fashion brands and products as well as in their physical appearance (Gutman & Mills, 1982; Summers, 1970). Workmann and Kidd (2000) illustrated that consumers desire to be fashion conscious as they seek for variety and personal creativity (Synder & Fromkin, 1980). Fashion- conscious

individuals seek excitement and pleasure, and want to keep themselves up-to-date with the latest fashion (Goldsmith et al., 1991). Fashion-conscious individuals also believe that their taste for creativity is reflected in the fashion products that they consume (Synder & Fromkin, 1980). Based on the level of fashion consciousness in individuals, they might be inclined to purchase counterfeit versions of expensive luxury brands to reflect their tastes and creativity (Wee et al., 1999).

Price-Quality Schema

The role of price has been considered important in economics, behavioral, and consumer research (Rao, 2005). The traditional theory on economics illustrates the negative impact of higher prices on consumers' purchase decisions due to limited monetary resources available to them. However, the positive impact of higher prices on consumers' purchase decisions was discussed in as early as 1949 by Knauth. Specifically, the study illustrated a hosiery retailer's increase in sales due to the increase in its product prices by 14 cents. It was concluded that the increase in sales resulted from the perception of higher quality associated with higher price of the products. This example illustrates that a relationship exists between price and quality. In support of this, studies on price-quality schema in the literature on economics and consumer behavior reveal that price is often times used as a surrogate (or substitute) for the quality of products (Rao, 2005; Rao & Monroe, 1988). Lichtenstein, Ridgway, and Netemeyer (1993) define price-quality schema as "the generalized belief across product categories that the level of price is related positively to the quality level of the product" (p. 236).

Common to the price-quality schema manifestation is the general heuristic of a significant relationship between product quality and price (John, Scott, & Bettman, 1986;

Lichtenstein and Burton, 1989; Lichtenstein et al., 1993; Rao, 2005; Rao & Monroe, 1988; Zhou, Su, & Bao, 2002; Zeithaml, 1988). Zeithaml (1988) explains price-quality schema as a predisposition to judge the quality of products based on the products' price points. In a similar vein, Lichtenstein and Burton (1989) referred to price-quality schema as the relationship between price and perceived quality of the products.

Research on the positive relationship between price and quality argues that this price-quality relationship is based on the product type under consideration. For example, in a study investigating the relation between price and quality of 145 different products, Gerstner (1985) found the relation to be product-specific, suggesting that some products (e.g., binoculars) display a positive price-quality relationship while others (e.g., liquid cleaners) do not. This contradicts the findings by Rao and Monroe (1989) and Lichtenstein and Burton (1989) who illustrated that consumers use price as a representation of the quality irrespective of product type. Since counterfeit branded products are sold at a fraction of the price of the genuine products, those consumers who believe in price-quality schema (i.e., "high price high quality" and "low price low quality") may perceive lower quality from counterfeits.

PERSONAL CONSUMER ORIENTATION

Ethical Value

Ethics have been considered as the evaluation of operating a business in terms of earning profits in light of human welfare (Wilson, 1975). The literature on ethics (or ethical decision making) goes back to 1920s when ethics was important in establishing trust among customers,

suppliers, employees, and share holders in order to avoid loss of public trust in organizations and companies (Tsalikis & Fritzsche, 1989). The level of ethics has been often used as an indication of one's involvement in activities such as bribery, frauds, deceptive communications, and selling of unsafe products in the marketplace (Ferrell, Greshman, & Frandrich, 1989). Furthermore, Vitell, Lumpkin, and Rawwas (1991) contended that marketing, one of the most frequently scrutinized areas in terms of ethical standards, has a direct interface with consumers while promoting and selling products and services.

Frederick (1986) postulated ethics as a vague and disorderly concept due to numerous definitions used by different theorists. For example, Beauchamp and Bowie's (1983) definition of ethics differentiated between what is good and evil and between right and wrong, and thus is an inquiry into what we ought and ought not to do (p.3). Similarly, Runes (1964) referred to ethical behavior as 'just' or 'right' standards of behavior (p. 98). Barry (1979) defined ethics in a generalized way as a code of good or bad human conduct which is influenced by values and actions. Further extensive literature provides definitions of ethics in various other ways, which is beyond the scope of this study. Nevertheless, based on these definitions above, it can be assumed that various components (e.g., good/ evil; moral code; right/wrong) are associated with ethics and that ethical behavior points toward a moral code of conduct associated with one's actions.

Previous research on ethics has contributed knowledge base in the area of marketing ethics. More specifically, in their extant literature review on business ethics, Murphy and Laczniak (1981) reported that only 5% studies examined ethics in consumer situations, whereas the others focused on business or marketing ethics from an organizational perspective. Most of the studies that examined ethics in consumer situations included consumers' perception of ethics toward business and marketing strategies (e.g., Ricklefs, 1983; Sturdivant & Cocanougher, 1973),

and did not examine the ethical perceptions of consumer behavior in the marketplace. Wilkes (1978) examined fraudulent behavior by consumers through their attitudes and perceptions toward various fraud situations.

Recent studies have highlighted the growing problem of consumers' involvement in activities that may be questionable by others that include shoplifting, purchasing pirated software, cheating, and retail fraud (McMohan & Harvey, 2007; Pelsmacker, Driesen, & Rayp, 2005; Rawwas, Swaidan, & Oyman, 2005; Wan et al., 2009). In order to better understand why consumers involve themselves into such activities, an increasing number of researchers have focused on consumers' ethical value that motivates them to behave in a specific manner (e.g., Albers-Miller, 1999; Ang et al., 2001; Muncy & Vitell, 1992). However, understanding of ethics in consumer behavior has been of interest to researchers only for a few decades. As researchers started realizing that consumers are major participants in a business process, their interest in understanding ethics-based decision-making processes by consumers became prominent. This shifted the emphasis of research from marketing ethics to consumer ethics (Albers-Miller, 1999; Ang et al., 2001; Muncy & Vitell, 1992).

Consumer ethics has received a substantial amount of attention since 1990s (Muncy & Vitell, 1992; Vitell & Muncy, 2005; Wan et al., 2009). Much to the disappointment, there has not been a consensus for the exact definition of consumer ethics. As one of the frequently used definitions, Muncy and Vitell (1992) defined consumer ethics as "moral principles and standards that guide behavior of individuals or groups as they obtain, use, and dispose of goods and services" (p. 298). Simply put, consumers' ethical values reflect their judgment and hence affect intentions toward consumption.

With regards to the consumption process, research has demonstrated that consumers express their responsibility and concern toward the society by means of their purchase behavior (Pelsmacker, Driesen, & Rayp, 2005). In this view, there can be various ways of behaving ethically by consuming products that are available in the market such as buying products for their positive qualities (e.g. organic and green food) or boycotting products for unethical concerns (e.g., not buying counterfeit brands or products made by either children in a developing country or underpaid workers). Birds and Hughes (1977) argued that most of the illegal products are made in socially unacceptable conditions where the laborers are forced to work for longer shifts and are paid extremely low wages. Their argument received support from Doane (2001) who defined ethical consumption as the consumption which reflects purchase of products that addresses ethical issues such as child labor, human rights, animal well-being, or environmental concerns.

Early 1990s experienced advancements in the area of consumer ethics with the development of consumer ethics scale (CES) by Muncy and Vitell (1992). The scale was developed to examine consumers' ethical beliefs regarding various questionable behaviors that they may perform on a regular basis (e.g., changing price-tags on merchandise in a retail store, recording a music album instead of buying it, tasting grapes in a supermarket and not buying any). The CES measures ethical beliefs based on four dimensions: (a) proactively benefiting at the expense of the seller; (b) passively benefiting at expense of the seller; (c) deceptive practices; and (d) no harm/no foul. The first factor represents situations where consumers benefit from illegal activities such as changing price tags in a store. The second factor is characterized by those actions by consumers which may not be considered as illegal but still benefit consumers such as getting too much change and not saying anything. The third dimension of the CES scale

encompasses those situations where consumers deceive the retailer (or seller) in some ways such as using an expired coupon for merchandise or returning merchandise to a store by claiming that it was a gift when it was not. The fourth dimension of the CES scale includes those cases where consumers perceive that their action does not cause any harm directly to the retailer or the seller, for example, recording an album instead of buying it. All these four dimensions of ethical value have been empirically tested in a number of studies on consumer ethics (e.g., Chiou, Huang, & Lee, 2005; Kwong et al., 2009; Muncy & Vitell, 1992; Vitell & Muncy, 2005; Wan et al., 2009).

A growing body of research on purchase and consumption of counterfeit brands can be based on the level of moral beliefs and ethical predispositions of consumers (Hoe, Hogg, & Hart, 2003; Tom et al., 1998). For instance, when consumers have a high level of ethical value, they would consider purchasing counterfeit brands as immoral and hence would not consume those brands. In this regard, non-consumption of brands represents an expression of "*a resistance to, distaste of, or even resentment of*" consumption of brands that can cause harm to the environment or society as a whole (Zavestoski, 2002, p. 121). Cherrier (2009) described the non-consumption of unethical brands as polite refusal to consume these brands by saying "I would prefer not to buy those brands that cause harm to the society" (p. 1).

Social Responsibility

It is believed that "consumerism movement" has brought a revolution in expressing consumers' concern for the society as a whole (Anderson, Henion, & Cox, 197; Lazar, 1969; Webster, 1975). Notably, this revolution evoked consumers to protest against irresponsible, deceptive, and unsafe business practices, dissatisfaction with product performance, and poor

handling of their complaints in addition to the environmental concerns (Abratt & Sacks, 1988). In fact, there has been an extensive change in how individuals involve themselves in activities and consume products due to reasons such as increased awareness and concern about social and environmental issues (Bartels, 1970; Hoe et al., 2003).

As concerns for the society and environment increased, marketers faced an issue of identifying segments of consumers who demand and consume products and services that promote social and environmental well-being. The concern for environmental well-being was heightened around 1970s when individuals realized that the environment was vulnerable to damages and had limited resources. Accordingly, consumers started focusing their activities on the environmental issues such as pollution abatement and reclamation of wasted human resources. With the growing consumer sensitivity toward environmental issues, social responsibility has been equated with environmental or ecological responsibility and this responsibility became a topic of public interest. This is evident in the academic literature and popular press that social responsibility has been dominated by issues that have *environmental dimensions*, leading to an incomplete coverage of the social dimension (Webb, Mohr, & Harris, 2008).

A closer review of the literature reveals that the concept of social responsibility is strongly linked to marketing and consumer behavior. Abratt and Sacks (1988) documented the history of marketing in relation to social responsibility and illustrated how businesses moved from solely profit earning to socially responsible entities. The traditional objective of businesses to use their resources to earn profits was not sufficient enough to attract consumers; instead it became essential for businesses to generate customer satisfaction as the key to attaining long-run

profits (Webster, 1975). In the late 1960s, Lazar (1969) advocated marketing as an instrument of social control that forced marketers to change their principles to a consumer culture rather than just selling their products in the market. Furthermore, Barterls (1970) viewed marketing as a social process in addition to a managerial activity and an economic activity to earn profits. Subsequent to this, Kotler (1984) viewed buying and selling as a social process where individuals (or groups) exchange products and values with each other, and thus doing business improves the well-being of the buyer (consumers) and the seller (marketers). This concept of social concern (or social responsibility) in marketing was an outcome of the consumerism-motivated marketers who were supposed to have social responsibilities and normative obligations apart from the financial responsibilities (Pava, 1996).

While most definitions contain reference to the contribution to and welfare of the society, the concept of social responsibility by no means has a universally accepted definition. Early work by researchers defined socially responsible (or conscious) consumers in various ways (e.g., Etzoni, 1990; Mohr, Webb, & Harris, 2001; Robert, 1993; Webster, 1975). Webster (1975) defined a socially responsible consumer, based on the psychological construct of social involvement, as "a consumer who takes into account the public consequences of his or her private consumption or who attempts to use his or her purchasing power to bring about environmental change" (p. 188) and focused narrowly on the environmental issues instead of societal issues. Etzoni (1990) referred to social responsibility as a blend of moral and social values that influences the desires, evaluations, and judgment by individuals (or groups).

Conflicting views have been illustrated by researchers in explaining social responsibility. For example, Hunt and Kiecher (1990) contended that ethics and social responsibility are

synonymous, contradicting Carroll's (1981) argument that there exists a clear distinction between the two concepts. Carroll (1981) included the example of giving donation to a charitable institution as a discretionary act of social responsibility and pointed out that non-fulfillment of giving donation cannot be considered 'unethical' or 'wrong', indicating that ethics is just one facet of social responsibility. However, there has not been any consensus over the distinction between ethics and social responsibility. The most explicit work in defining socially responsible consumers was done by Roberts (1995) who defined them as "those individuals who purchase products and services which they perceive to have positive (or less negative) impact on the environment or use their purchasing power to express current social concerns" (p. 140). Robert (1995) was one of those who strongly endorsed two dimensions of social responsibility (i.e., environmental and societal). His studies avoid mixing up the social responsibility concept with the concept of environmental or ecological responsibility.

With the increase in the consumption of fashion brands, it becomes utmost important to understand how and where consumers are spending their resources (Roberts, 1995). In other words, the extent to which consumers are concerned about the social issues in the marketplace indicates a sense of their responsibility towards the society. Broadly, socially responsible consumers have a positive influence on the environment and use their purchasing power to express a concern for social issues (Roberts, 1995). Since the presence of counterfeit brands in the market poses a threat for the society as a whole, consumers who are concerned about their society tend to behave responsibly and wisely. This socially responsible inclination may explain why they do not indulge in purchasing fashion brands that are not legitimate.

Integrity

Thomas (1982) contended that the word 'integrity' is a universally known term and used in our daily lives. Apart from the utility of integrity in industrial and organizational applications, it has also been used in other areas related to individuals and their values. Of particular is its application to values in individuals. For example, one of the ten factors of the Rokeach Value Scale reflects truthfulness, honesty, politeness, responsibility, and self control, which reflects integrity as a value construct (Rokeach, 1973). In his distinction between terminal and instrumental values, Rokeach (1973) emphasized that terminal values motivate individuals to move from their current self-image to an idealized self-image (i.e., who they want to be like), whereas instrumental values focus on individuals' competence and ability to fulfill their terminal values. More specifically, instrumental values are believed to help individuals to arrive at their end-states (Rokeach, 1973), and are often subdivided into moral and competence values in research on ethical decision making (Glover, Bumpus, Logan, & Ciesla, 1997). Moral values result in a guilty feeling in individuals when the values are violated, whereas competence values arouse a feeling of personal inadequacy upon violation of these values. Both moral and competence values illuminate that individuals should behave in relation to their surroundings in addition to their own interests.

With this view, de Matos et al. (2007) mentioned that consumers' respect for lawfulness reflects their consciousness to take right or wrong decisions. On a broader level, Thomas (1982) associated 'integrity' with truthfulness and honesty; however, he pointed out that it is paradoxical that there is no universal definition of integrity. Commonly understood as an adherence to a set of sound principles, integrity has been defined by Ferguson (2009) as "one's

self-defined ability to maintain authenticity and moral autonomy while preserving one's sense of membership and loyalty to the team or organization" (p. 421).

The literature on integrity dates to many decades back where integrity and honesty of an individual was often used in one of the criteria used into selecting job applicants for an organization (Ones, Viswesvaran, & Schmidt, 2002). The tests used by these organizations included psychological characteristics (e.g., conscientiousness and impulse control) of prospective employees to understand how they would behavior in counterproductive job situations (Alliger & Dwight, 2000). In addition to making staffing and hiring decisions in organizations, integrity tests have also been used to understand the disruptive problem of absenteeism from work in organizations (Ones et al., 2002). In the context of this study, integrity in individuals is considered to be reflected in the consumption of brands and products available in the market. Based on the definition of integrity, it can be said that individuals with high level of integrity consumer products that reflect honesty and responsibility towards the society.

RESEARCH HYPOTHESES

The last few years have witnessed a growing research interest in studying social and psychographic antecedents of purchasing counterfeits such as product characteristics (Wee et al., 1995; Cordell et al 1996), demographic variables (Solomon and O'Brien, 1991), psychographic characteristics (Cordell, et al., 1996; Swinyard et al., 1990; Wee et al., 1995), social influences (Ang, Chen, Lim, & Tambyah, 2001), search costs and accessibility (Penz & Stottinger, 2005), normative susceptibility, value consciousness, and past purchase behavior (Kim & Karpova, 2009). Despite all the aforementioned works, it appears that the study of counterfeit brands from a holistic approach encompassing social, consumer, and ethical orientations is almost untouched.

Understanding the influence of these orientations on individuals' attitudes, subjective norm, and perceived control will be helpful in assessing why they intend to purchase counterfeit brands. Based on this viewpoint, specific research hypotheses are proposed to test relationships among consumer orientation, attitudes, subjective norm, perceived control, and intentions.

H1: SOCIAL CONSUMER ORIENTATION → ATTITUDES AND SUBJECTIVE NORM

Social Conformity

Consumers with a high level of social conformity tend to comply with others for self-enhancement and avoiding social disapproval (Grubb & Hupp, 1968). These consumers constantly look for positive reactions from their reference group and adjust themselves to the demands of others (Torelli, 2006). For the purpose of self-enhancement, these consumers use products that communicate a symbolic representation of their wealth, social image and status. In order to conform to others, these consumers may have favorable attitudes toward counterfeit versions of well-known and famous brands. As illustrated by Bearden and Etzel (1982) and Grubb and Grathwohl (1967), consumers desire for well-known brands because these brands serve important social goals apart from the quality aspect associated with the brands. This phenomenon reflects the bandwagon effect (Belk, 1988), that is, individuals desire to conform with well-known and prestigious group and try to distinguish themselves from non-prestigious groups.

Shocker, Bayus, and Namwoon (2004) have illustrated that consumers may perceive luxury brands and their high quality counterfeit brands as similar if both have look-alike appearance. This indicates that consumers who have higher tendency to conform to referent group may purchase high quality look-alike luxury brands sold at lower price to get social

approval. Penz and Stottinger (2005) examined how self-identity in consumers influences purchase intention of counterfeit brands. The study also pointed out that those consumers who perceive themselves with low self-identity are highly influenced by others' expectations and tend to acquire counterfeits of prestigious luxury brands. To support this, the bandwagon effect of consumption in Veblen's (1922) analysis also signifies that consumers who tend to conform to others buy the same goods that others buy. As such, highly social conforming consumers may purchase high quality look-alike or counterfeit brand to conform to their social group. Thus,

> H1a: As consumers have stronger social conformity, they will have more positive attitudes toward the purchase of counterfeit brands.

Ang et al (2001) illustrated that informative and normative susceptibility or social pressure has an influence on attitude toward purchase of counterfeits, indicating that consumers make inferences based on what others would think of them. Put simply, these consumers will have a social pressure to behave in a certain manner due to their desire to be associated with a social group. For example, if an individual's social group perceive that the use of luxury brands makes them popular, the individual will tend to involve him/her self in the purrchase of luxury brands, but may end up purchasing the counterfeit version of that brand. Apparently, consumers with high tendency seek conformity to their social group.

Wee et al. (1995) illustrated that individuals from relatively lower income groups tend to associate themselves with those who have wealth and success. Wee et al. (1995) further pointed out that individuals who want to associate themselves with this group of high income individuals may have favorable attitudes toward the purchase counterfeit of brands with a desire to have social approval in the society. Hence, this study argues that consumers with high tendency to

conform may be driven by social pressure to purchase look a-like versions (counterfeits) of luxury brands as an opportunity to seek approval from others. Thus,

> H1b: As consumers have stronger social conformity, they will have stronger subjective norm in the purchase of counterfeit brands.

Status Seeking

A person seeking status is motivated to improve her social standing through well-known products that reflect higher status (Eastman, Fredenberger, Campbell, & Calvert, 1997). Veblen (1922) argued that consumers purchase luxury brands to gain social status to show off their wealth to others. Thus, luxury brands are mere objects that can be considered as means to achieve status and prestige (Wee et al., 1995). Luxury fashion brands have been associated with exclusivity and status, and are perceived to come with high cost (Atwal & Williams, 2008). However, a new perception of luxury has emerged lately indicating that consumers can get luxury brands with high quality at non-expensive prices (Atwal & Williams, 2008).

Cahill (1993) contended that consumers desire well-known goods to gain respect and status from others. As fashion brands indicate a socioeconomic status in the society, consumers who seek status, prestige, and want to gain respect for them have favorable attitudes toward fashion brands as it reflects a high position in the society (Damhorst, Miller, & Michelman, 2001). It has been illustrated that consumers may perceive luxury brands and their counterfeit brands as similar if both have look-alike appearance (Shocker, Bayus, & Namwoon, 2004). In further support to this argument, Garza (2006) pointed out that even though a fashion product is not original, it will still be associated with status if it resembles the original one. Wee et al. (1995) demonstrated that consumers who have greater concern for status consciousness hold

positive attitudes toward counterfeit brands and are likely to buy them in the future. Most recently, Wilcox et al. (2009) contended that consumers with greater preference for gaining status in the society have favorable attitudes toward counterfeit fashion brands as these brands are typically constructed with the designs, colors, and molds that give an extremely high resemblance to the original ones. Thus,

> H1c: As consumers have a stronger status-seeking tendency, they will have more positive attitudes toward the purchase of counterfeit brands.

In their recent work, Truong, Simmons, McColl, and Kitchen (2008) tied status seeking to the new function of buying 'status-laden' brands besides public display of wealth and expensive possession. They described status-laden brands as the ones with high quality, class, and luxury and illustrated that these brands may be purchased for internal reasons (e.g., self-reward) as well as for external reasons (e.g., signaling wealth). Furthering the illustration, they attested that some individuals may consume luxury brands to assert status and membership to an elite class just to show off their wealth publically. Hence, it is apparent that these individuals consume luxury brands to establish a status or rank of their own among others and hence may have social pressure to buy counterfeit luxury brands.

In addition, individuals from a lower status are motivated to associate themselves with individuals who are in a higher class and hence may feel pressurized to buy counterfeit brands due to the social influence (Eisend & Guler, 2006). As pointed out by Mellott (1983), individuals from a lower class may be more willing to buy counterfeit brands in an attempt to be a part of a relatively higher-class group of individuals. For example, if a status seeking individual wants to be a part of a social group where individuals use a Louis Vuitton (LV) leather bag, the chances

of her getting its counterfeit version would be high due to his/her desire to be associated with that social group. Taken together,

> H1d: As consumers have a stronger status seeking tendency, they will have stronger subjective norm in the purchase of counterfeit brands.

Fashion Consciousness

Specified as a temporary acceptance, fashion has been ever changing with new styles replacing the older ones (Sproles & Burns, 1994). In reference with this, Wee at al. (1995) associated the concept of life cycle of fashion products with the amount of money consumers are willing to pay for the fashion products that are not in fashion for long enough. They pointed out that fashion-conscious consumers may not be willing to pay more for a fashion that has shorter life cycle and hence would prefer to purchase products that look similar to the genuine brand, yet sold at a lower price. Furthering the discussion, Nam et al. (2006) explained that these consumers may not pay more for fashion products because they try out new fashion products more often.

Individuals who have a higher level of fashion or novelty consciousness are likely to gain excitement and pleasure from seeking out new things (Wee et al., 1995). Because being in style is important to them, they keep up-to-date with fashion and have strong opinion about their taste in fashion. A number of researchers have reported characteristics of fashion-conscious consumers. Individuals who have strong opinions regarding fashion are more cosmopolitan, have greater social participation, and have a higher socio-economic status than others who have lower level of fashion consciousness (Goldsmith et al., 1991; Huddleston, Ford, & Bickle, 1993; Shim & Bickle, 1994; Workmann & Kidd, 2000). Highly fashion-conscious individuals tend to influence and guide others' behavior toward fashion (Workmann & Kidd, 2000). Furthermore,

Wee et al. (1995) pointed out that fashion-conscious consumers seek variety in their in the lifestyle products that they consume. This relates to fashion conscious consumers' satiation with either product designs and styles or with the brand names that they seek for. Since well known brands reflect high fashion content, these consumers may be more willing to purchase brands that look similar to these well known luxury brands.

Individuals have varying levels of interest in fashion depending on the product category and its function (i.e., functional/utilitarian or experiential/hedonic) (Greenberg et al., 1983). For example, a product category such as a 'handbag' may only serve a functional or utilitarian purpose, whereas a luxury brand of handbag such as Louis Vuitton may serve as a social and novelty purpose in addition to its utility function (Shavitt, Lowery, & Han, 1992). On this premise, it has been suggested that frequently counterfeited brands, instead of just their product categories, may fulfill individuals' desire to be more involved with fashion. Based on this argument, it is apparent that individuals who are fashion-conscious will have favorable attitudes toward and be more willing to buy counterfeit versions of famous luxury brands (e.g., Louis Vuitton) that provide novelty and exclusivity. Thus,

> H1e: As consumers have a higher level of fashion consciousness, they will have more positive attitudes toward the purchase of counterfeit brands.

Price-Quality Schema

The pricing theory has an important role in deciding consumer behavior as consumers evaluate products based on the prices and infer other information about the products such as quality (Sjolander, 1992; Tellis & Gaeth, 1990). Consumers who perceive a positive relationship between price and quality are willing to pay more for products. Evidence shows that consumers

prefer to pay higher prices for products when other information is not available and infer that they are getting higher quality in return (Tellis & Gaeth, 1990). This argument finds its root in the price expectancy model, which suggests the belief of 'higher price, higher quality' (Ordonez, 1998). Studies have demonstrated that certain consumers develop favorable attitudes toward ethical products (e.g., fair traded products, products that contribute to benefit of the society) and are willing to pay premium prices due to their inclination to become responsible for their consumption of goods (Blend & Van Rave, 1999; d'Astous & Legendre, 2009; Loureiro et al 2002; Maietta, 2003; Trudel & Cotte, 2008). This indicates that consumers who are willing to pay premium prices believe in 'higher price-higher quality' and 'lower price-lower quality'.

Apparently, consumers who believe in paying higher prices for those brands that are high quality would view lower quality fro counterfeit brands, indicating a negative relationship between price-quality inference and attitudes toward counterfeit brands. Matos et al. (2007) also proposed a negative relation between price-quality inference and attitude toward counterfeits, but failed to support the hypothesis. On the contrary, they found a positive relationship between price-quality inference and attitude toward counterfeit products. This result was contradictory to Huang et al.'s (2004) finding that a negatively significant relationship existed between price-quality and consumer attitudes toward gray market products.

It is widely acknowledged that consumers may purchase counterfeit brands when they cannot afford expensive original brands but still seek status associated with the original fashion brands (Kim & Karpova, 2009; Wee et al., 1995). Examining the price-quality schema in contexts other than counterfeit fashion brands illustrate varying insights. For example, Brucks et al. (2000) pointed out that quality of durable goods can be judged based on various dimensions

such as price, durability, ease of use, versatility, performance, serviceability, and prestige associated with that product. Sjolander (1992) did not find price-quality inference for ice cream. Grewal (1998) found a non-significant relationship between price discounts and consumers' evaluations toward quality of the durable consumer products. These findings indicate that price-quality inference may not apply in the same fashion to all settings.

Although anecdotal evidence suggests that lower price is one of the various factors that drive consumers' attention to purchase counterfeit brands, those consumers who believe in the price-quality schema may assume that counterfeit fashion brands are of lower quality and hence might not favor purchase of counterfeit brands. However, Penz and Stottinger (2008) identified that physical appearance, not quality, is an important aspect in having favorable perception regarding counterfeit brands. They also provided a few exceptional cases of product categories that are critical in their functioning such as pirated CDs and electrical appliances, and hence are selected based on their quality instead of physical appearance. Given that consumers realize that an original brand represents better quality, unique features, or excellent service, and higher price, it is expected that consumers with positive price-quality schema are expected to have negative attitudes toward the purchase of counterfeit fashion brands. Thus,

> H1f: As consumers have a higher level of price-quality schema, they will have negative attitudes toward the purchase of counterfeit brands.

H2: PERSONAL CONSUMER ORIENTATION → SUBJECTIVE NORM AND PERCEIVED CONTROL

Ethical Value

Literature has acknowledged the increasing number of ethical consumers for the past few decades (Shaw & Newholm, 2002; Shaw, Grehan, Shiu, Hassan, & Thomson, 2005). Ethical consumers are concerned about their consumption patterns with respect to the existing social, ethical, and environmental issues (Muncy & Vitell, 1992; Vitell & Muncy, 2005; Wan et al., 2009). As mentioned before, the level of ethical value indicates the extent to which consumers are predisposed to activities that benefit the society (Muncy & Vitell, 1992). The study by Shaw and Newholm (2002) illustrated on ethical consumption choices and advocated moral consciousness, ethical simplifier (individuals' behaviors that respond mostly to ethical concerns), and downshifting. Through this illustration, they highlighted consumers' reduced consumption of fashion and other lifestyle products that may not be considered as socially acceptable.

Previous research indicated the role of reason and cognition in moral development that leads to ethical decision-making (Albers-Miller, 1999; Ang et al., 2001). This argument is rooted in the Kohlberg's (1981) model of moral development, which proposes that ethical decision-making is a result of a cognitive-moral development process. The model further emphasizes abstract reasoning and rational thinking of individuals that may result in ethical decision-making. For example, when an individual has a feeling of 'guilt' for causing harm to the society or the environment, he would be inclined to behave in an ethical manner (Eisenberg, 2000; Hoffman, 1998). Furthermore, Damasio (1994) pointed out that the feeling of guilt makes individuals differentiate between right and wrong and thus help them to make a rational choice to behave ethically.

Individuals varying in ethical beliefs may have different levels of control to perform unethical activities such as purchasing a counterfeit fashion brand. The decision not to perform an unethical activity may not be easy to adopt and at times can lead to financial loss to consumers (Cherrier, 2009). Accordingly, consumers with less inclination to ethical standards tend to support the purchase of counterfeit brands (Kwong et al., 2009). Furthermore, an individual who is more sensitive to ethical concerns may consider it his moral obligation to commit to the activities that support ethical concerns (Shaw & Newholm, 2002). As Schwepker and Cornwell (1991) indicated that "ethical concerns have become a socially accepted norm" (p. 85), those consumers who make their consumption choices based on their high level of ethical concerns get highly approved among their peer group. The growth of concern over ethical issues clearly indicates that consumers involve themselves in responsible actions in their consumption patterns due to a sense of obligation to behave ethically, not due to pressure from others (Shaw et al., 2005).

In TPB, subjective norm reflects the social pressure to perform or not to perform a behavior and perceived control refers to the ease or difficulty in performing the behavior in question (Ajzen, 1991). Following the conceptualization of PCB in TPB, individuals with high ethical value should have low willingness to purchase counterfeit brands. In other words, individuals who have higher ethical value will have lower inclination to buy counterfeit brands and hence will have more PCB. In this study, it is expected that those consumers who have a high level of ethical value will be self-motivated to perform actions that support concerns regarding ethics. Also, these consumers are expected to have a sense of moral obligation towards the society, which motivates them to rationalize their actions and have more control in their consumption of products and services. On the contrary, consumers who have a lower level

of ethical value have been associated with consumption addiction irrespective of its consequences on the society, indicating a lower level of control of their actions (Cherrier, 2009). Thus, it can be posited that those consumers who have high levels of ethical value are not likely to be influenced by social pressure to purchase look-alike or counterfeit brands and have more control over buying the brands. Thus,

> H2a: As consumers have stronger ethical value, they will have weaker subjective norm in the purchase of counterfeit brands.
>
> H2b: As consumers have stronger ethical value, they will have greater perceived control over the purchase of counterfeit brands.

Social Responsibility

Over the last few decades, social responsibility among consumers has matured significantly (Karlsson, 2003; Phau et al., 2009; Shaw et al., 2006). This indicates their inclination toward activities such as recycling, use of renewable energy, and consumption of fair-trade products that benefit our environment and society as a whole (Follows & Jobber, 1999). Socially responsible consumers purchase products and services which they perceive to have positive (or less negative) impact on the society (Roberts, 1995). These consumers use their purchasing power to express their concern for social issues and prefer to purchase those products that support the society. For example, socially responsible consumers choose fair trade fashion clothes instead of those fashion brands that involve unethical practices such as child labor or low wages to the workers (Shaw et al., 2006). Evidence shows that consumers who are more socially responsible differentiate between their desire and willpower (Karlsson, 2003). Such consumers are characterized by a high level of control on their self and their actions and are appreciated by others. Even when an immediate activity is attractive to them, they may not

choose the immediate alternative due to the concern over its outcome in the future (Karlsson, 2003). These consumers decide whether or not to indulge in a consumption behavior by weighting the pros and cons of its alternatives (Hoch & Loewenstein, 1991).

Buying and selling of counterfeit brands can raise social, economic, and legal issues such as loss of consumer confidence in legitimate brands, monetary loss for original brand owners, and unemployment (Kim & Karpova, 2009; Phau et al., 2009; Penz & Stottinger, 2005; Wee et al., 1995). Also, following the conceptualization of PCB in TPB, individuals with greater social responsibility will not be pressurized by their social group to purchase counterfeit brands. In addition, they will have the rationale behind their consumption of products, and hence will have a greater control in purchasing counterfeit brands. Taken together,

H2c: As consumers have stronger social responsibility, they will have weaker subjective norm in the purchase of counterfeit brands.

H2d: As consumers have stronger social responsibility, they will have greater perceived control over the purchase of counterfeit brands.

Integrity

An individual who has a high level of integrity often seeks out equilibrium with his activities to maintain positive self-esteem (Ferguson, 2009). In this study, integrity reflects consumers' inclination toward lawfulness and reluctance toward counterfeit brands. Even though purchasing counterfeit brands is not considered a criminal activity in the United States, consumers demonstrate an illegal or an immoral action by purchasing counterfeit fashion brands (de Matos et al., 2007).

Previous research has shown that consumers who are willing to stay within the law in the society are less influenced by their peers or social group to purchase counterfeit brands (Cordell et al., 1996). Apparently, this indicates that individuals engage themselves in immoral (e.g., buying counterfeit brands) or legal (e.g., buying fair trade products) activities according to their level of integrity and fairness to consume products. Ang et al. (2001) found that honest and polite consumers who respect moral values have negative attitudes toward counterfeit/pirated CDs. This indicates that these consumers have higher control on their purchase of pirated CDs and hence they are highly approved by their relatives and friends. On the contrary, those consumers who have a lower level of integrity may neither rationalize their behavior nor consider themselves accountable toward their actions in the society (de Matos et al., 2007). Hence, these consumers are expected to have lower control over the purchase of counterfeits. Swinyard et al. (1990) found a similar result that consumers who were less supportive of the law of copyright were more inclined to consume pirated software in the future. It has been found that the level of integrity among individuals varies based on the product category and its usage. For example, consumers who purchase pirated CDs and counterfeit fashion brands may reflect different levels of integrity. Specifically, Kim and Karpova (2009) explained this difference based on the usage of these products; for example, since pirated CDs are consumed in private settings and have low visibility to other people, individuals may not be concerned about their social image and may reflect lower level of integrity; whereas fashion brands are generally used in public and have high visibility, individuals may be more concerned about their social image if their peer group identifies that they use counterfeit brand.

On the contrary to the previous studies (e.g., Ang et al, 2001; Swinyard et al., 1990), Kim and Karpova (2009) found no significant relationship between integrity and attitude about

purchasing counterfeit fashion brands. Since the influence of integrity on subjective norm (social pressure to purchase counterfeit brands) and perceived control (difficulty to purchase counterfeit fashion brands) has yet to be explored in the literature, it is proposed that the individuals who have higher integrity would be approved by their peers and social group for not buying counterfeit fashion brands, indicating a positive relationship between integrity and subjective norm. Also, since these consumers have a higher level of ethical consideration, they will have higher control on the purchase of counterfeit brands. Based on this rationale,

H2e: As consumers have stronger integrity, they will have weaker subjective norm in the purchase of counterfeit brands.

H2f: As consumers have stronger integrity, they will have greater perceived control over the purchase of counterfeit brands.

H3: ATTITUDES, SUBJECTIVE NORM, AND PERCEIVED CONTROL → INTENTIONS

Attitudes

With an attempt to apply TPB in the context of counterfeit products, Kim and Karpova, (2009) found that attitudes toward purchasing counterfeits was found to be positively related to the intentions to purchase counterfeits. This indicated that consumers who had favorable attitudes toward purchasing fashion counterfeits were likely to purchase those products in the future. Similar results of a positive relationship between attitudes and intentions to purchase were found in the context of pirated music (Chang, 1998; d' Astous et al., 2005; Kwong & Lee, 2002), software piracy (Peace, Galletta, & Thong, 2003), and shoplifting (Tonglet, 2001). All these studies implied that the more the individuals have favorable attitudes toward counterfeits, the more will be their intentions to purchase those brands. Similarly, the more unfavorable consumer

attitudes are toward counterfeits of luxury brands, the more likely are their chances of purchasing the original brands.

Tom et al. (1998) indicated that consumers who are supportive of counterfeit brands tend to purchase those brands in the future as compared to others who do not support counterfeit brands and purchase original brands, irrespective of the price factor. Tom et al. referred to the consumers who are supportive of counterfeit brands as *sly shoppers* and contended that they tend to involve in purchasing counterfeit brands as it makes them feel smarter than others. Lee (2004) also reported that consumers who had favorable attitudes toward counterfeit fashion brands intended to purchase those brands without any feeling of guilt as these brands looked very close to the genuine brands. Kim and Lee (2004) argued that those individuals who do not realize that counterfeits can cause loss to their country's economy accept counterfeits and hence show intent to buy those products. Wee et al. (1995) also specified that consumers who like the bandwagon appeal rather than the snob appeal of luxury brands are less inclined to purchase original brands and are more inclined to purchase counterfeit brands. Further, these consumers justify their affection to buy counterfeit brands by referring to a smart act of paying a fraction of the price of the original brand. Taken together,

> H3a: As consumers have more positive attitudes toward the purchase of counterfeit brands, they will have a higher intention to buy the counterfeit brands.

> H3b: As consumers have more positive attitudes toward the purchase of counterfeit brands, they will have a lower intention to buy the original brands.

Subjective Norm and Perceived Control of Behavior

Researchers who have employed TRA and TPB in their studies have found that subjective norm and perceived control can also influence behavioral intentions. Insofar, TPB has been considered to be an expectancy model to be applied in the context of consumer behavior (Shaw, Shui, & Clarke, 2000). As subjective norm indicates an individual's perceived social pressure, this study conceptualizes it as the perceived social pressure to buy counterfeit fashion brands. As Fishbein and Ajzen (1975) illustrated, consumers are predisposed to social influence and seek approval from individuals who are important to them. This was supported by Kim and Karpova's (2009) finding that if an individual is not influenced by the social pressure, he would not consider purchasing a counterfeit fashion brand. Similarly, Ang et al. (2001) found that subjective norm was significant in predicting intentions toward pirated software products among Singaporeans. On the contrary, Summers, Belleau, and Xu (2006) discovered a positive relationship between the construct of social acceptance and purchase intentions toward well-known luxury brands made from alligator leather. The study illustrated that these consumers consider social acceptance as an important aspect to build their image and hence display greater intentions to buy controversial luxury brands (e.g., alligator leather jacket).

This study also looked at the impact of perceived control of behavior (PCB) on intentions to purchase counterfeit luxury brands. Based on the conceptualization of PCB in TPB, individuals with high perceived control indicate that they have low confidence in their ability to perform a behavior, which further indicates lower intention to perform it (Madden, Ellen, & Ajzen, 1992). This means that the higher the PCB in an individual, the lower will be the intentions to perform the behavior in question. Applying the framework of TPB in this study, the higher the level of PCB, the less will be the intentions to purchase counterfeit brands.

Consumers who are conscious about the consequences of their consumption behavior have more control over their actions as they evaluate alternatives, pointing out that their selection of products not only serves their needs but also supports social issues (Follows & Jobber, 1999). In the context of counterfeit fashion brands, these consumers may be concerned with the financial loss of the original brand owners or loss of consumer confidence in original brands. In sum, it is postulated that those consumers who have social pressure (indicating subjective norm) to purchase products will buy counterfeit luxury brands. Thus,

> H3c: As consumers have stronger subjective norm toward the purchase of counterfeit brands, they will have a higher intention to buy the brands.

> H3d: As consumers have greater perceived control on purchase of a counterfeit brand, they will have a lower intention to buy the brands.

H4: PRICE SENSITIVITY: MODERATOR BETWEEN ATTITUDE AND BEHAVIORAL INTENTIONS

Consumers exhibit different reactions to to the prices for brands in general (Ramirez & Goldsmith, 2009). Researchers have empirically found that price sensitivity has been considered an important factor for consumers in purchasing counterfeit brands (Albers-Miller, 1999; Grossman & Shapiro, 1988; Prendergast et al., 2002; Zaichkowsky, 1985). Individuals are characterized by a high level of acceptability of the price range that they are willing to pay for specific products (Lichtenstein, Bloch, & Black, 1988). Grossman and Shapiro (1988) depicted that consumers want to impress others through branded products and thus may buy counterfeit brands that display the logo of famous luxury brands but are priced lower. As Monroe (1990) and Link (1997) point out, consumers who are sensitive to price may not be willing to pay higher

prices for luxury brands. In line with Goldsmith and Newell (1997), this study referred to price sensitivity as the extent of how consumers feel about paying the price for specific products.

Due to a substantial difference in price between an original brand and its counterfeit brand, those who are price sensitive and have favorable attitudes about buying counterfeit brands will have higher intentions to buy counterfeit brands. This was supported by Huang et al. (2004) who illustrated that price-sensitive consumers have positive attitudes toward imitations, gray market, and counterfeit brands. Although no study employed the construct of price-sensitivity as a moderator between the relationship of attitude and intentions to purchase counterfeit brands, it can be expected that individuals who have favorable attitudes toward the purchase of counterfeit brands may have different levels of intentions to purchase the brands depending on their level of price sensitivity. Additionally, it can be expected that consumers' intentions to purchase original brands will also be influenced by their varying level of price sensitivity. Thus,

> H4a: A higher level of price sensitivity will strengthen the impact of attitudes on the intention to buy counterfeit fashion brands.

> H4b: A higher level of price sensitivity will weaken the impact of attitudes on the intention to buy original fashion brands.

SUMMARY

Chapter 2 provided the conceptual foundations for this study and theoretical justification of the relationships among consumer orientations, price sensitivity, attitudes, subjective norm, perceived control, intentions to purchase counterfeit and original brands. The conceptual model of this study was based on the literature review of the four theoretical frameworks: the Theory of

Planned Behavior, Value-Attitude-Behavior system, Bandwagon effect of the Theory of Consumer Demand, and Aberrant Consumer Behavior. Based on the results of the previous studies identified in the literature review, social conformity, status seeking, fashion consciousness, price-quality schema, ethical value, social responsibility, and integrity were identified as the possible antecedents of attitudes toward the purchase of counterfeit brands, subjective norm, and perceived control, that further would lead to formation of intentions to purchase counterfeit brands.

CHAPTER 3
RESEARCH METHODS

Previous chapters have dealt with the introduction and literature review of the constructs based on the identified research gaps in previous studies. Also, the proposed research model was presented in Chapter 2. This chapter focuses on research methods that will be used to achieve the research objectives proposed in Chapter 1. Specifically, this chapter first reiterates the research objectives and proposed research model. Then it proceeds into hypotheses, sampling design, research design including scenario construction and development of measurements, pilot test, and content validity results. Finally, the data analysis techniques are described.

Objectives

As mentioned in Chapter 1, the main research objectives of this study are:

a) To investigate the influence of social consumer orientation (social conformity, status seeking, fashion consciousness, and price-quality schema) on attitudes toward the purchase of counterfeit brands and subjective norm.

b) To investigate the influence of personal consumer orientation (ethical value, social responsibility, and integrity) on subjective norm and perceived control over the purchase of counterfeit brands.

c) To investigate the influences of attitudes toward the purchase of counterfeit brands, subjective norm, and perceived control over the intentions to purchase counterfeit and original brands.

d) To examine the role that price sensitivity plays as a moderator between attitudes toward the purchase of counterfeit brands and intentions to buy counterfeit and original brands.

RESEARCH MODEL

This study tests a conceptual model depicting the relationships among consumer orientation (social and personal), attitudes, subjective norm, perceived control, and intentions to purchase counterfeit and original luxury brands. As shown in Figure 1, the exogenous variables include two orientation groups: social consumer orientations (social conformity, status seeking, fashion consciousness, and price-quality schema) and personal consumer orientation (ethical value, social responsibility, and integrity). The endogenous variables in the proposed research model include attitudes toward the purchase of counterfeit brands, subjective norm, perceived control, and intentions to purchase counterfeit and original brands. Price sensitivity was employed as the moderator between the relationships of attitudes and intentions to purchase counterfeit and original brands. The overall research model is depicted in Figure 4 and sub-models presenting specific hypotheses are illustrated in Figures 2 through 4. Furthermore, the operational definitions of constructs used in the proposed research model are presented in Table 1.

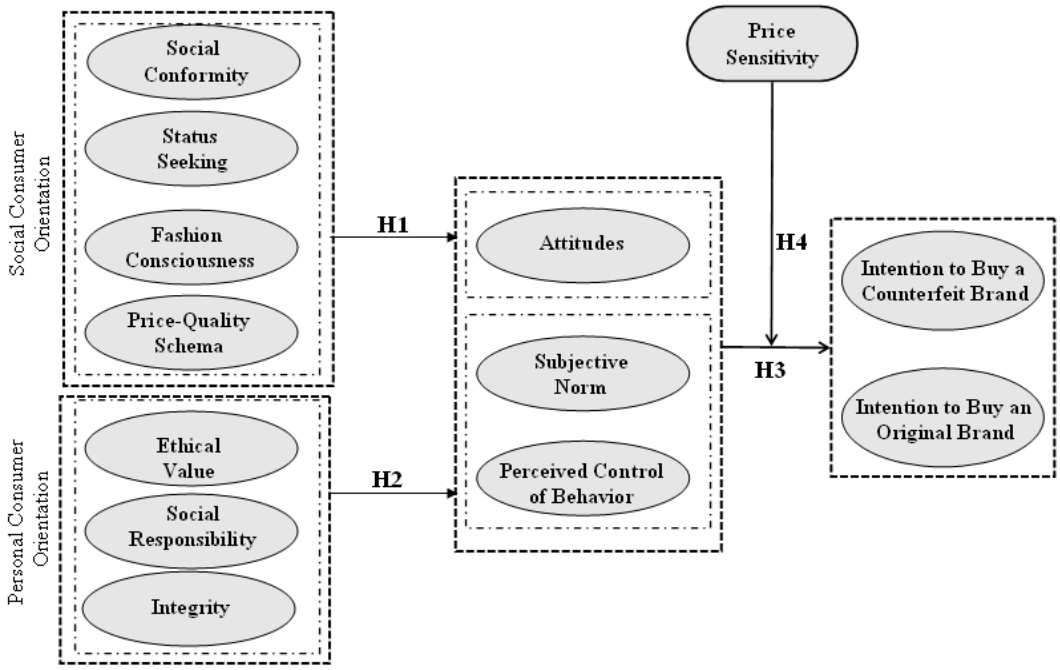

Figure 4. Research Model

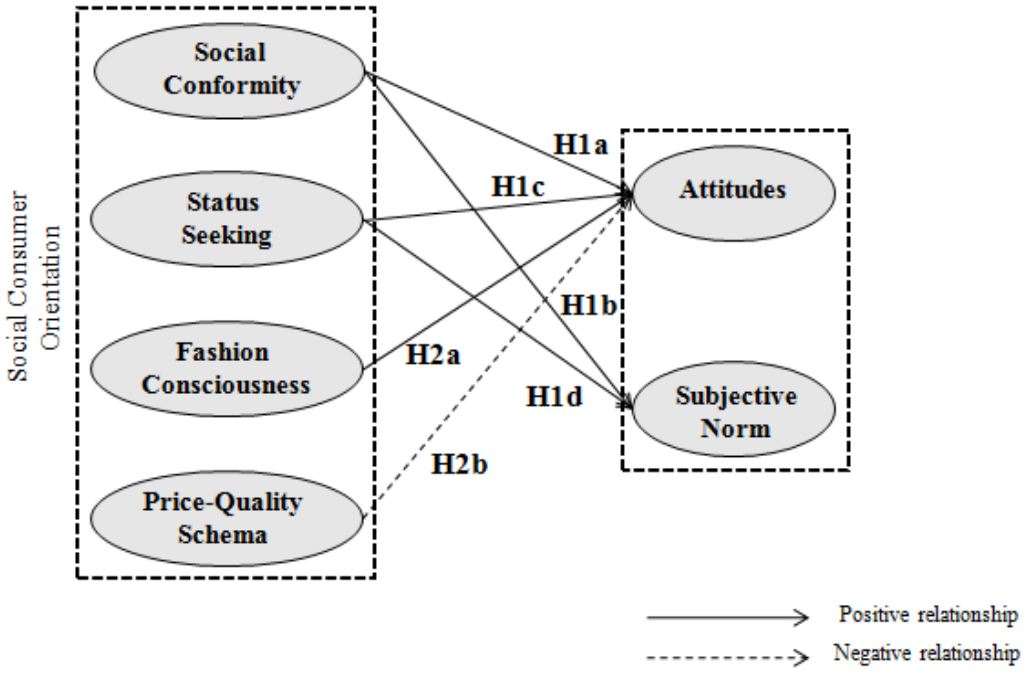

Figure 5. Research Sub-Model (H1)

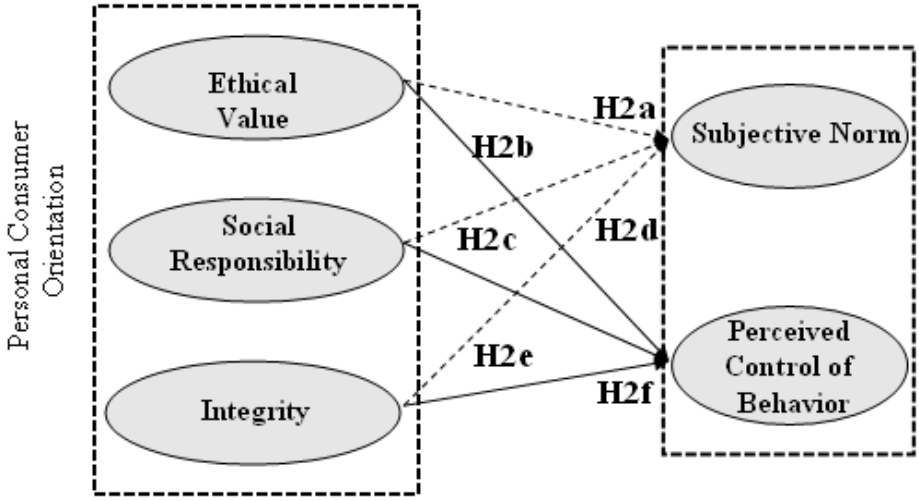

Figure 6. Research Sub-Model H2

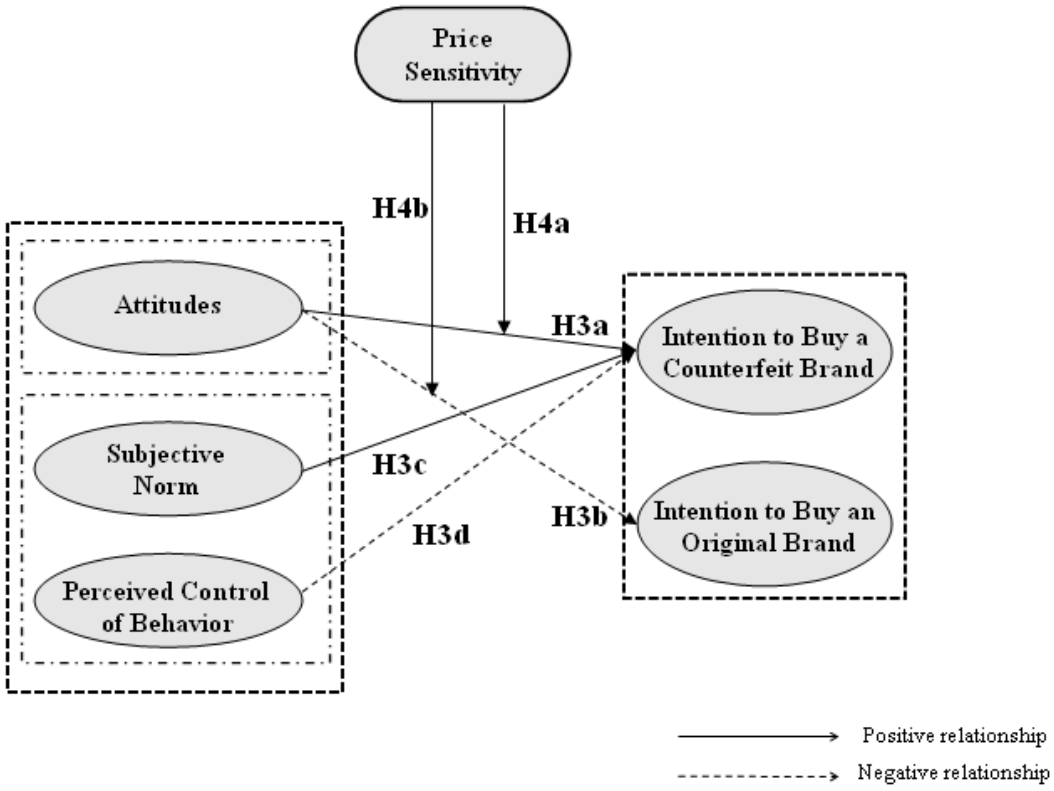

Figure 7. Research Sub-Model H3 and H4

HYPOTHESIZED RELATIONSHIPS

Specific hypotheses on the relationship among individuals' orientations, attitude, subjective norm, perceived control, and intention to purchase counterfeit brands are stated below.

H1: Social Consumer Orientation (social conformity, status seeking, fashion consciousness, and price-quality schema)→ Attitudes toward the Purchase of Counterfeit Brands and Subjective Norm.

H1a: As consumers have stronger social conformity, they will have more positive attitudes toward the purchase of counterfeit brands.

H1b: As consumers have stronger social conformity, they will have stronger subjective norm in the purchase of counterfeit brands.

H1c: As consumers have a stronger status-seeking tendency, they will have more positive attitudes toward the purchase of counterfeit brands.

H1d: As consumers have a stronger status-seeking tendency, they will have stronger subjective norm in the purchase of counterfeit brands.

H1e: As consumers have a higher level of fashion consciousness, they will have more positive attitudes toward the purchase of counterfeit brands.

H1f: As consumers have a higher level of price-quality schema, they will have negative attitudes toward the purchase of counterfeit brands.

H2: Personal Consumer Orientation (ethical value, social responsibility, and integrity) → Subjective Norm and Perceived Control over the Purchase of Counterfeit Brands.

H2a: As consumers have stronger ethical value, they will have weaker subjective norm in the purchase of counterfeit brands.

H2b: As consumers have stronger ethical value, they will have greater perceived control over the purchase of counterfeit brands.

H2c: As consumers have stronger social responsibility, they will have weaker subjective norm in the purchase of counterfeit brands.

H2d: As consumers have stronger social responsibility, they will have greater perceived control over the purchase of counterfeit brands.

H2e: As consumers have stronger integrity, they will have weaker subjective norm in the purchase of counterfeit brands.

H2f: As consumers have stronger integrity, they will have greater perceived control over the purchase of counterfeit brands.

H3: Attitudes, Subjective Norm, and Perceived Control → Intentions to Purchase Counterfeit and Original Brands.

H3a: As consumers have more positive attitudes toward the purchase of counterfeit brands, they will have a higher intention to buy the counterfeit brands.

H3b: As consumers have more positive attitudes toward the purchase of counterfeit brands, they will have a lower intention to buy the original brands.

H3c: As consumers have stronger subjective norm in the purchase of counterfeit brands, they will have a higher intention to buy the brands.

H3d: As consumers have greater perceived control over the purchase of a counterfeit brand, they will have a lower intention to buy the brands.

H4: Price Sensitivity as a moderator in the relationship between Attitudes and Intentions to Purchase Counterfeit and Original Brands.

H4a: A higher level of price sensitivity will strengthen the impact of attitudes on the intention to purchase counterfeit fashion brands.

H 4b: A higher level of price sensitivity will weaken the impact of attitudes on the intention to purchase original fashion brands.

RESEARCH DESIGN

Research design should include "overall operational pattern or framework of the project that stipulates what information is to be collected, from which sources, and by what procedures" (Green, Tull, & Albaum, 1988, p. 96). For this purpose, the research design of this study includes: setting, brand and product selection, sampling and data collection, sample characteristics, instrument development (scenario construction and development of measurement items), content validity, pre-test, and data analyses (data screening, reliability, validity, and testing of the research model).

SETTING

It has been noted that respondents desire to project a favorable image to the researcher and often indulge in social desirability, resulting in a systematic error or bias in self-report measures of variables (Fukukawa, 2002). As indicated by Fukukawa (2002), social desirability may be especially prevalent in the studies that deal with sensitive issues such as ethical decision making process, using drugs, shoplifting, etc. Apparently, since this study involves sensitive issues such as ethical value, social responsibility, integrity, and attitudes toward the purchase of counterfeit brands, it was assumed that respondents might be biased in expressing their opinion while responding to the survey. To reduce this social desirability bias, these questions for this study were asked in an indirect way (Campbell, 1950).

Through indirect questioning, respondents tend to project their real attitudes unconsciously while assuming that they are providing information of how other people (e.g., their friends, family, relatives, or a significant other) would respond to that question. Indirect questioning was made by asking the respondents to read a hypothetically created scenario developed specifically for this study. Additionally, the term "counterfeit" was described in an indirect way in the survey for two reasons. First, the term 'counterfeit' may offend respondents as it is often associated with criticism and hence is a sensitive topic to admit if they consume 'counterfeit' brands. Second, because of the desire to project a favorable image to the researcher, the respondents often indulge in social desirability resulting in a systematic error or bias in self-report measures of the variables (Fukukawa, 2002). To avoid this risk, the term 'counterfeit brand' was replaced by 'REPLICA brand' and its definition was provided to the respondents in

the beginning of the survey and in the section where respondents were asked to respond to the questions on replica brands.

BRANDS AND PRODUCT SELECTION

Previous research on counterfeiting indicated that consumers' perception about counterfeiting might differ by product category (Bloch et al., 1993; Tom et al., 1998). Along this line, this study selected *two product categories* and *ten luxury brands* for the context of counterfeiting. For the product categories, handbags and wallets were selected for three main reasons. First, these products are not gender-biased as they are used across both males and females (e.g., handbags mainly for females and wallets for both females and males). Second, as suggested by Bearden and Etzel (1982), both handbags and wallets are very commonly used and serve a social purpose as they are consumed in public. Third, these products are amongst most frequently counterfeited or copied products in the marketplace (Kim et al., 2009).

The luxury brands used in this study were taken from the list of the most frequently counterfeited brands reported by Thomas (2007) and Penz and Stottinger (2008). The list of brands included: Burberry, Christian Dior, Dolce & Gabbana, Fendi, Gucci, Hermes, Kate Spade, Louis Vuitton Marc Jacobs, and Prada. The respondents were asked to indicate a luxury brand from the given list that they had bought in the past or would like to buy in the future for themselves. Following the selection of a brand, respondents were asked to select a product category (i.e., either handbag or wallet) of the selected brand in order to respond to the following questions in the questionnaire. Based on their responses, 18 % of the respondents indicated Kate Spade, 15 % indicated Gucci, and 14% indicated Louis Vuitton. In terms of product category, 69 % of them reported purchasing handbag of the brand they indicated as shown in Table 3.

SAMPLING AND DATA COLLECTION

In deciding the sampling frame, it was cautioned that restricting the respondents to only those who had previous experience in purchasing counterfeit brands may bring the response rate extremely low. Therefore, this study drew sample from those consumers who had bought a handbag and/or wallet for themselves, not just those who purchased counterfeit brands in the past. It has been widely accepted that self-reported responses are closer to the reality for participating in the questionnaire with a scenario than without one (Moores & Chang, 2006; Tan, 2002). Therefore, a hypothetically created scenario was presented to the respondents before they responded to the questions on counterfeit brands in the survey. The pre-recruited consumers responded to the self-administered questionnaire, in which they indicated their characteristics in general, attitude toward counterfeit brands, subjective norm, perceived control, and behavioral intentions to buy a counterfeit brand and an original brand based on the scenario. Although web-based sample may not be representative of the general U.S population, it was important to use a nationwide sample to avoid any biases such as regional availability of counterfeit brands.

The data were collected in less than two days in April 2010 from 500 consumers in the United States who had purchased handbag or wallet for themselves in the past three years. The sampling frame for this study was composed of consumers from an online panel formed by an online U.S. marketing research firm, e-Rewards, that specializes in consumer surveys. e-Rewards constitutes more than 2 million members that form the pre-recruited and maintained panel of consumers based on some probabilistic sampling method from the general population (e-Rewards, 2009). Online marketing research firms such as e-Rewards provide service to researchers by electronically posting a survey and collecting the data via internet or online

network. Online or web surveys have several advantages that intercept, mail, or phone surveys do not have (Schonlau, Fricker, & Elliott, 2002). First, it uses by-invitation-only acquisition method to make a panel of respondents, which excludes the undesirable survey takers. Second, online survey can be completed more quickly and hence save time of the researcher. Third, online surveys provide an immediate access to the responses of the survey because the survey saves the data in a database that can be imported to SPSS directly. Therefore, online survey was considered the best method to obtain the data for this study.

The survey was constructed by the researcher using SPSS dimensionnet version 3.0 and was placed on a website hosted by The University of Tennessee. Consumers who comprised the online panel were contacted by e-Rewards and received the invitation to participate in the study. Those consumers who agreed to participate were directed to the website hosted by the University of Tennessee to answer the questions. Each participant was asked to respond to three screening questions before proceeding to the survey questions. The main screening question was "*Have you bought handbag or wallet in the last three years for yourself?*" The other two screening questions (i.e., "*Have you bought apparel or clothing in the last three years for yourself?*" and "*Have you bought shoes or footwear in the last three years for yourself?*") were fake screening questions to prevent the problem of participating in the study solely for the reward even if they did not qualify for the study. Adding fake screening questions makes it difficult for the participants to identify the real screening questions for the study. This technique was suggested by an online survey consultant at the University of Tennessee for the goal of recruiting only qualified members in the sample. Another reason for adding fake screening questions was based on the speculation that the participants may try to qualify to participate in the study by retaking the survey in order to be monetarily compensated by e-Rewards (Schonlau et al., 2002).

Respondents who revealed no experience in purchasing handbags or wallets for themselves were considered disqualified, irrespective of their experience in purchasing clothes and/or footwear for themselves, and were automatically excluded from the study and were routed to the e-rewards page. Those respondents who said 'Yes' to the question on handbag or wallet were further directed to the actual survey. The respondents could not move to the next page of the survey without responding to all questions on each page. This strategy helped the researcher to obtain a data set with no missing values.

Among the invited members, 774 accessed the survey. Among them, 274 did not finish the survey either due to technical problems or other external reasons. As a result, a total of 500 completed responses (the quota limit) were obtained with an incidence rate of 65 % in less than two business days. The respondents provided their demographic information toward the end of the survey. The completed surveys were stored in the researcher's survey account. The survey was about 10 minutes long. Upon completion of the survey, each respondent received an incentive of $2.50 from eRewards. The data from SPSS dimensionnet version 3.0 were directly retrieved to SPSS statistical software.

SAMPLE CHARACTERISTICS

The last section of the survey contained questions related to demographic information of the respondents such as age, gender, ethnicity, marital status, education, working status, incomes, and the number of children they have (if applicable). The data were nominal for gender, ethnicity, marital status, and working status; ordinal for education and income; and ratio for age and number of children. The demographic characteristics of the sample are shown in Table 4. The analysis of respondents' demographic information revealed that the majority (83 %) of the

respondents was female. Since the sample collected was unbalanced (unequal numbers of men and women), it can be said females constitute the majority of shoppers of handbags and wallets. Overall, the respondents' ages were distributed fairly even throughout all groups: 23.4% were aged 18-30; 21.8 % were aged 31-40; 18.8% were aged 41-50; and 20.2 % were aged 51-60. Slightly more than half of the total respondents were married (58%). With respect to ethnicity, 83% were Caucasian/White. The sample represented all income categories with $70,000 - $ 89,999 as the median income. Additionally, 35.3% of the respondents had a four-year college degree and 59.3% were married or living with a partner.

INSTRUMENT DEVELOPMENT

The survey instrument consisted of 41 items for consumer orientation, 5 items for attitude, 3 items each for subjective norm, perceived control, and behavioral intentions, 6 items for price sensitivity, and 8 demographic items (see Appendix A). The questionnaire was designed to be completed in less than 10 minutes. The respondents rated the survey items for the brand and its product type that they had selected. If the respondents chose "Gucci" as the brand and "handbag" as the product type, the sections that followed their selection showed "Gucci handbag" for relevant questions. To avoid social desirability bias as mentioned earlier, the respondents were asked to read a hypothetically created scenario, based on which respondents answered the questions.

SCENARIO CONSTRUCTION

To avoid social desirability bias, a scenario was developed for the respondents. The scenario began with a premise that the respondent wanted to buy a luxury branded product (e.g.,

Gucci handbag) in a store located in a marketplace but finally did not purchase due to its extremely high cost. The scenario then provided information about a high quality replica of that luxury product in another store priced at a fraction of the original price.

The descriptive of the scenario used in the study is presented in Figure 8.

"Imagine yourself in a store. You like this [Gucci handbag] in the store which has exceptional quality, design, and craftsmanship, and costs about $850. You give it a close look and think, may be you will buy it sometime later! As you walk further down the market, you come across an almost authentic high quality REPLICA of this Gucci handbag that you liked in the store. It has all the details and color schemes of the authentic Gucci handbag, is made of quality material, and is priced at $150. Even though this handbag looks like the real product, the brand name and logo on it has been used without the permission of Gucci company."
**([Gucci handbag] changed according to respondents' selection of brand and product type)*

Figure 8. Descriptive Supposition used in the Scenario

Development of Measures

Based on a review of the literature, this study adapted existing measurement scales to accomplish the objectives of this study. The measurement items for each construct are listed in the following section. In addition, the operational definitions and sources of the scale items are provided in Table 1 and Table 5, respectively.

Measurement scale items for the constructs used in the study were adapted from several studies. The scale for *social conformity* was adapted from Bearden and Rose (1990); *status seeking*, from Eastman, Goldsmith, and Flynn (1999); *fashion consciousness,* from Sproles and Kendall (1986); *price-quality schema*, from Lichtenstein et al. (1993); *ethical value*, from Vitell and Muncy (2005); *social responsibility,* from Roberts (1995); *integrity,* from Vinson, Munson, and Nakanishi (1977); *price sensitivity*, from Goldsmith, Flynn, and Glodsmith (2003); and

attitude, subjective norm, perceived control, and behavioral intentions from Beck and Ajzen (1991). Table 5 summarizes the items used for each construct along with the source. Although Beck and Ajzen (1991) used bipolar semantic differential items for measuring attitude, this study used a seven-point scale to measure consumers' attitude toward purchase of counterfeit brands. Breckler (1990) indicated a strong preference toward the use of likert-type scaled data instead of bipolar semantic differential scaled data in order to estimate the parameters in Structural Equation Modeling applications.

In their meta-analysis for integrating the findings from previous studies, Churchill and Peter (1984) investigated the effects of research design on the reliability of rating scale measures that are applied in studies. Based on their analysis, they confirmed that the increase in the number of scale points increases the variance, which may result in an increased reliability of the constructs being studied. Additionally, researchers consider a scale with fewer than five points as ordinal and hence prefer to use 5-point or above scales to measure constructs in social sciences (Achen, 1991; Berry, 1993, p. 47). Based on these evidences, this study used 7-point scale in the survey. Furthermore, Churchill and Peter (1984) contend that labeling all points on the scale items has no effect on the way respondents rate them. Hence, only the anchors (1 and 7) were labeled appropriately for the scales used in this study.

Measurement scales for *social conformity, status seeking, fashion consciousness, price-quality schema* and *integrity* were anchored by 'strongly disagree' (1) and 'strongly agree' (7). The measurement scales for *ethical value* were anchored by 'is wrong' (1) and 'is not wrong' (7). *Subjective norm* was anchored by 'approve' (1) and 'disapprove' (7); 'agree' (1) and 'disagree' (7); and 'likely' (1) and 'unlikely' (7). *Perceived control of behavior* was anchored by 'easy' (1)

and ‘difficult’ (7); and ‘likely’ (1) and ‘unlikely’ (7). *Behavioral intention* was anchored by ‘false’ (1) and ‘true’ (7); and ‘unlikely’ (1) and ‘likely’ (7). (See Table 5 for scale items).

CONTENT VALIDITY AND PRE-TEST

1st Content Validity Testing

To ensure that the scale items used in the survey instrument were appropriate, content validity was examined. The researcher and a group of experts (i.e., 4 academic researchers and 2 doctoral students) specializing in Retail and Consumer Sciences at the University of Tennessee qualitatively reviewed the measurement items and suggested a few adaptations according to the need of this study. For instance, the scale items for social conformity, status seeking, fashion consciousness, price-quality schema, and social responsibility that were based on a ‘*product’* were modified to be based on ‘*brand*’ (e.g., ‘I would buy a product just because it has status’ was modified to ‘I would buy a brand just because it has status’). Also, items for ‘behavioral intention’ were adapted to both replica branded products and original branded products (e.g., BI1 represents ‘If I had an opportunity, I would buy a ***replica*** branded product in the future’ and BI2 represents ‘If I had an opportunity, I would buy an ***original*** branded product in the future’). The items were revised as shown in Table 6**.**

2nd Content Validity Testing

The 2nd content validity of the refined items including the modified items was examined by a group of two graduate students majoring in Retail and Consumer Sciences for clarity and adequacy of the item presentation. They evaluated the items for clarity, readability, and content validity of the scale items for the study. One item was refined from this process. In the perceived

control of behavior construct, “even if I had a good reason, I could not bring myself to buy a replica branded product” was changed to “even if I had a good reason, I would not buy a replica branded product.” The revised items are summarized in Table 7 and the final scales are shown in Table 10.

Pre-test

After the 2nd content validity, a pretest of the revised survey was administered to further refine the measurement items for the main data collection. Since all studies that involve human participants conducted by researchers at the University of Tennessee must be reviewed by the Institutional Review Board (IRB), a brief description of this study, the survey instrument, and required sample information was sent to the IRB for approval. After the approval from IRB, the survey was distributed to undergraduate students majoring in Retail and Consumer Sciences in two classes at the University of Tennessee. The final survey for pre-test was four pages long (excluding the cover page) (Appendix B). Extra credit was given to the students who completed the survey instrument. These surveys were distributed in the course of two days during the academic session in Spring of 2010.

The students were asked to fill out the survey in the classroom if they had bought a handbag or wallet for themselves. Those students who had no prior experience in purchasing a handbag and/or wallet for themselves did not qualify for the survey and were requested to pass on the survey to their acquaintance who had the purchase experience. Each survey instrument included the purpose of the study as well as a consent form informing the respondents about the confidential and voluntary nature of the survey responses. The survey took about 10 minutes to be completed. A total of 128 surveys were collected. After screening the completed surveys, nine

of them were excluded because they considered products and brands other than handbags and/or wallets to respond to the survey (e.g., they considered cars, electronics, and phone to respond to the survey). In addition, 13 surveys were excluded due to missing values.

Finally, a total of 106 surveys were usable for the study and were entered into SPSS. After this, the reverse items were recoded to ensure that higher scores reflect higher levels of the construct. For example, ethical value was measured on a scale of 'is wrong' (1) to 'is not wrong' (7), indicating that respondents who have more ethical value will have lower scores. Reversing the items for ethical value made sure that the higher the ethical value in respondents, the more the scores they will have on ethical value. Similarly, price sensitivity scale items (PS2, PS4, PS5, and PS6) were also reversed since higher scores represented higher level of price sensitivity. Other items that were reverse coded included: S4, SN1, PCB2, BI3, and BI4. An initial coefficient alpha was calculated for each construct to determine internal consistency. The reliabilities of the constructs are shown in Table 8.

The reliabilities for the constructs 'price-quality schema' and 'price sensitivity' were .343 and .583, which were lower than expected. However, for the rest of the constructs, the reliability ranged from .698 to .888. To identify the item(s) that may be contributing to the low reliabilities for price-quality schema and price sensitivity, the descriptive function for '*scale item if deleted*' was performed as shown in Table 9. For price-quality schema, the reliability was found to be .667 if the item "The old saying ''You get what you pay for' is generally true" was deleted. For price-sensitivity, the reliability was found to be .764 if the item "I am less willing to buy this product type if I think that it will be high in price" was deleted. The increase in the reliabilities for both of these constructs after deleting one item from each (as mentioned above) indicates that

these items did not measure their respective construct consistently. However, since none of these items were identified as problematic in the previous literature or in the content analysis by the team of experts, it was decided by the researcher to retain these items for the final survey. The final measures for the main survey are shown in Table 10.

DATA ANALYSES

DATA SCREENING

Prior to the main analyses, several underlying assumptions for structural equation modeling were checked. These included a variable-to-sample ratio, outliers, normality, linearity, missing values, and extreme multicollineairty (Hair, Anderson, Tatham, & Black, 1998). The variable-to-sample ratio was 1 to 38.14, which satisfied the criteria suggested by Nunnally (1978). Kaiser-Meyer-Olkin's measure of sampling adequacy was well over .50 (i.e., .884), and Barlett's tets of sphericity index showed significant *p*-value at .01 level. Following this, outliers were identified in the data set based on the suggestion by Kline (2005). The cases with z-scores more than three standard deviations beyond mean were identified as univariate outliers (Kline, 2005). To perform this test, the data values were converted to standard scores. Standard scores of values more than 3 were marked as outliers. Following this, multivariate assessment of each observation was done across all the variables. For this purpose, as a common measure of multidimensional centrality, Mahalanobis distance (D^2), i.e., the distance in multidimensional space of each observation from the mean center of the observations was used (Hair et al., 1998). In simpler terms, it is the distance in the standard deviation units between a set of scores (vectors) for an individual case and the sample means for all the variables (centroids) (Kline, 2005). A value of D^2 with low *p* value (< .001) was followed as the criteria to reject the assumption that

the case comes from the same population as the rest Hair et al., 1998). Caution was taken while making a decision to either retain or delete the identified outliers.

Following the identification of outliers, the data set was tested for fundamental assumptions of normal distribution. For this purpose, univariate normaility was assessed based on the values for skewness (asymmetrical shape of a unimodal distribution about its mean) and kurtosis (peakedness or flatness of the distribution). The values were considered as non normal if either (or both) skewness and kurtosis had absolute values greater than 3.0 (Bollen, 1989). Following this, multicollinearity analysis was performed to check whether the variables (social conformity, status seeking, fashion consciousness, price-quality schema, ethical value, social responsibility, integrity, and price sensitivity) actually measure separate concepts and are distinct variables. Kline (2005) reported that if two variables (X and Y) have a correlation that is .90 or greater, they are considered to be multicollinear. Based on this rule, if $r_{XY} > .90$, then either X or Y should not be considered for further analyses. Following the assumptions check, the main analysis using two-step approach proposed by Anderson and Gerbing (1988) was applied to test the proposed hypotheses using structural equation modeling (SEM).

RELIABILITY AND VALIDITY

In statistics, reliability is the consistency of a set of measurements items used in a questionnaire. The scales were analyzed in terms of their reliability through internal consistency (Cronbach's alpha) and composite reliability as suggested by Fornell and Larcker (1981). A Cronbach's alpha of 0.70 was used as a cut-off value to demonstrate good internal consistency (Nunnally, 1978). The validity of the scale items was checked by both convergent and discriminant validity. Conceptually, convergent validity is assessed by "determining whether

each indicator's estimated pattern coefficient on its posited underlying construct was significant" (Anderson & Gerbing, 1988, p. 416). Empirically, the convergent validity of each construct is confirmed by the average variance extracted (AVE) values (i.e., the amount of variance explained by the construct relative to the amount of attributed to measurement error) (Fornell & Larcker, 1981). Discriminant validity describes the degree to which a variable does not correlate with the other variables in a research model. The discriminant validity is performed by comparing the share variance between each pair of construct with the average variance extracted in each one of the pair (Fornell & Larcker, 1981).

TESTING THE RESEARCH MODEL

The proposed model for this study was tested by a maximum likelihood estimation (MLE) procedure using structural equation modeling (SEM) with AMOS graphics version 18.0. The main analysis for the data was based on the two-step approach by Anderson and Gerbing (1988). Before developing a measurement model, the measurement items for each construct were subjected to confirmatory factor analysis (CFA) using AMOS 18.0 with an objective to identify whether the measurement variables reliably reflected the hypothesized latent variables (social conformity, status seeking, fashion consciousness, price-quality schema, ethical value, social responsibility, integrity, price sensitivity, attitude, subjective norm, perceived control, and behavior to purchase counterfeit and an original brand) using the covariance matrix.

All the latent variables were allowed to inter-correlate freely without attribution of a casual order. Attempts were made to improve the fits of the CFA of the latent variables based on three statistical criteria: standardized regression weights (lambda weights), standardized residual covariances, and modification indices (MI). The initial step in assessing the fit of the individual

constructs in the proposed research model was to examine the standardized regression weights (or lambda weights). Based on Singh (1995), a lambda weight less than .40 is considered risky due to measurement errors and hence is considered unacceptable in assessing the fit of constructs. Another indicator of poor fit of the constructs used in the study was the presence of a substantial prediction error reflecting higher values of standardized residual covariances (i.e., absolute values greater than 2.58 were considered unacceptable) (Joreskog & Sorbom, 1988). The final indicator of misspecification of the constructs was examined by observing the modification indexes (MIs) in the model. MI is a univariate index that estimates the amount of an unestimated relationship to improve the overall fit of the model (or reduce the chi-square statistics) when a particular fixed-to-zero path is freely estimated (Joreskog & Sorbom, 1988). MI is expressed as a chi-square statistics with one degree of freedom (Joreskog & Sorbom, 1988). Values of MIs greater than 10.0 are considered unacceptable as they represent misfit of the model with the data (Bryne, 2000).

The model fit was estimated and assessed by several statistics, as suggested by Kline (2005). Among these statistics included: (a) the model chi-square (Bollen, 1989) which tests whether an unconstrained model fits the covariance/correlation matrix as well as the given model, (b) the Steiger-Lind root mean square error of approximation (RMSEA by Steiger, 1990), (c) the Bentler comparative fit index (CFI by Bentler, 1990) which compares the hypothesized model with a model based on zero-correlations among all the variables, and (d) goodness-of-fit (GFI by Joreskog & Sorbom, 1988). Since chi-square is sensitive to the sample size, relative chi-square (chi-square/degree of freedom) has been suggested by Hu, Bentler, and Kano (1992). As chi square/degree of freedom ratio is also largely determined by sample population, RMSEA (a population discrepancy function) and CFI are considered important (Bentler, 1990; Steiger &

Lind, 1980). Acceptable values for the chi-square/degree of freedom have been found to vary among researchers. For example, Carmines and McIver (1981) suggested the acceptable value of the ratio between 1 and 3, whereas Marsh and Hocevar (1985) and Hair et al. (1998) provided a broad range of 2 to 5 as acceptable. In terms of RMSEA, values less than .05 indicate close approximation fit, values between .05 and .08 suggest reasonable error of approximation, and values greater than .10 suggest poor fit (Browne & Cudeck, 1992). Additionally, Hu and Bentler (1990) specified CFI values greater than .90 as reasonable good fit.

In the second step, a structural model with the latent variables was tested to determine the adequacy of the research model and testing the hypotheses (Anderson & Gerbin, 1988). The moderating effect of price sensitivity was tested through multiple group SEM analyses by splitting the data set based on the mean scores into sub-samples based on the respondents' score on price sensitivity, as suggested by De Wulf, Odekerken, and Iacobucci (2001).

CHAPTER SUMMARY

Chapter 3 explained how the study was carried out in order to accomplish the proposed objectives. This chapter discussed the research methods that were used to design the research. The first section of the chapter introduced the objectives, hypotheses, and operational definitions of the constructs as elaborated in Chapter 2. The next section described how this study was conducted in terms of research design for this study. This section also described scenario construction specific to this study in order to avoid social desirability bias among the respondents. Since this study used online survey to collect data, the second section also included the procedure and the benefits of using online survey for data collection. The last section presented

the survey instrument development procedure. The instrument development included measurements of constructs (i.e., orientations, attitudes, subjective norm, perceived control, intentions to purchase counterfeit and original brands, and price sensitivity) and descriptive information. Additionally, results of content validity, pre-test (i.e., reliabilities with all the items and reliabilities after item deletion), and final measures were presented.

CHAPTER 4

DATA ANALYSES AND RESULTS

In the previous chapter, research methods required to pursue this study were presented. The goal of this chapter is to test the model of consumer behavioral intention to purchase counterfeit brands, based on the investigation of the causal relationships among the constructs. This chapter will proceed with the descriptive analysis of the respondents of the survey. The following section will include the preliminary analysis of the data obtained for this study such as means, standard deviations, minimum and maximum values, skewness, and kurtosis. The next section will evaluate the measurement model of this study by examining its unidimensionality, reliability, construct validity, and fit statistics. The last section will present the evaluation of the final structural model, hypotheses testing, and revised model evaluations (if needed) based on the testing results.

PRELIMINARY ANALYSIS

As a preliminary analysis, the descriptive statistics of measurement items were performed as shown in Table 12. The minimum and maximum values, means, and standard deviations of each measurement item were calculated. The assessment of multivariate outliers was done based on the Mahalanobis distance (D^2). The test resulted in detection of 21 outliers which had low *p* value (> .001) as suggested by Hair et al. (1998). The statistics for Mahalanobis distance (D^2) is shown in Table 11. Following the identification and removal of outliers, values for skewness and kurtosis were calculated with AMOS 18.0 to check the normality assumption.

The absolute values of skewness values ranged from .007 to 5.018 and the absolute values for kurtosis ranged from .007 to 24.313. The skewness and/or kurtosis values for Eth 1 (4.855/ 24.313), Eth 2 (5.018/ 28.688), Eth 3 (3.363/ 13.873), Eth 4 (-1.507/3.587) and Eth 5 (-1.096/3.073) were found to be greater than the threshold absolute value of ± 3 as specified by Bollen (1989). This indicates that the distributions of these items are not normal and needed further attention. Since the classical methods in structural equation modeling (SEM) are developed under the assumption of normality in which the sample covariance matrix **S** is fitted by a proposed model $\sum$ **(θ)**, the presence of heavy tails in the distribution can lead to very inefficient parameter estimates (Yuan, Bentler, & Chan, 2004). Thus, attempts were made to transform these items using various techniques such as natural logarithm, square root, inverse, and square. However, they still reflected high values of skewness and kurtosis. Therefore, items Eth 1, Eth 2, Eth 3, Eth 4, and Eth 5 were dropped off from the measurement and structure model for further analyses.

MEASUREMENT MODEL EVALUATION

Confirmatory factor analysis (CFA) was conducted to evaluate the measurement model based on unidimensionality, reliability, construct validity, and model fit. Following CFA for each construct, CFA for the measurement model was performed in which the manifest variables were loaded on their respective latent constructs and all the latent constructs were correlated with each other.

CFA FOR EACH CONSTRUCT

Confirmatory factor analysis (CFA) was performed for each of 13 constructs consisting of social conformity, status seeking, fashion consciousness, price-quality schema, ethical value, social responsibility, integrity, price sensitivity, attitude, subjective norm, perceived control of behavior, intention to purchase counterfeit luxury brands, and intention to purchase original luxury brands. Fit statistics for the measurement model of each construct are provided in Table 13.

Model Improvement

Since the primary interest of using SEM in this study was to see the extent to which the hypothesized model fits or adequately describes the data, several steps were taken to detect the sources of misfit. Efforts were made to improve the models by evaluating standardized regression weights or lambda weights (> .40), standardized residual covariances (< ±2.58), and modification indices (<10) (Hair et al., 1998). Based on these criteria, model modifications were made by eliminating the measurement items with low lambda weights, high standard residual covariances, and high MIs with respect to their respective cut-offs. The standardized regression weights for S5 (.382), representing an item of status seeking, was found to be lower than the desired value of .40. The standardized regression weight for FC4, a measurement item for fashion consciousness, was found to be significantly low (.238). In addition, standardized residual covariances for FC4 (4.447) and FC5 (3.021) were higher than the cut-off of 2.48 (Joreskog & Sorbom, 1988). Also, high MI (25.441) for a pair of FC4 and FC5 indicated that the two items cross-loaded on each other. The standardized regression weights for Eth 6 (.358) and Eth 9 (.321) were lower than the cut off value of .40. Besides this, the standardized residual

covariance between Eth 6 and Eth 7 was found to be 5.169, again exceeding the cut-off value. Therefore, Eth 6 and Eth 9 were not included in further analyses.

Standardized regression weights of price sensitivity items PS1 (.151) and PS3 (.335) were extremely low, signaling a measurement error. Also, the standard residual covariance was 5.703 between PS1 and PS3, which was greater than the cut-off of absolute value of 2.58. Thus, PS1 and PS3 were taken off from further analysis. For social responsibility, the standardized residual covariances were 7.815 between SR3 and SR7; 4.062 between SR7 and SR4; and -2.915 between SR7 and SR5. These values did not meet the criteria for the cut-off value of ±2.58. Additionally, excessive high modification indices between SR7 and SR3 (88.737) and between SR7 and SR4 (25.385) indicated that the two items in each case cross-loaded. Therefore, measurement items FC4 and FC5 from fashion consciousness, S5 from status seeking, PS1 and PS3 from price sensitivity, SR3, SR7, and SR8 from social responsibility, and Eth 6 and Eth 9 from ethical value were eliminated from the measurement and structure model. The revised fit statistics for CFA of each construct after eliminating the aforementioned items is shown in Table 14. The reliabilities of the latent variables using cronbach's alpha coefficient were found both before and after model improvement for each construct. The values ranged from .636 to .949 (Table 15), which is acceptable given Nunnally's (1978) minimum of .60 being adequate.

CFA FOR THE MEASUREMENT MODEL

CFA was conducted for the measurement model that included 13 constructs measured by 49 observed variables. The covariance matrix was not positive definite, implying the possibility of a linear dependency of one or more variables on another. As shown in the correlation matrix

(Table 16), high values of correlation were found between social conformity and status seeking ($\gamma = 0.958$) and social conformity and fashion consciousness ($\gamma = 0.900$), indicating the possible issues of multicollinearity. Kline (2005) suggested two ways to avoid the problem of multicollinearity: (a) regard highly correlated variables as indicators of a common underlying construct, and (b) eliminate the construct that is highly correlating with more than one construct. Following these suggestions, the scale items for social conformity were combined with those of status seeking to form one construct of social orientation to see if it resolved the problem of multicollinearity. However, the problem still existed. Following the second suggestion by Kline, social conformity was eliminated from further analysis due to its high correlation with more than one construct (status seeking and fashion consciousness). Another CFA was conducted for the measurement model that consisted of 12 constructs (after deleting social conformity) measured by 45 observed variables (after deleting SC1, SC2, SC3, and SC4), which resolved the problem of high correlation (see Table 17).

Therefore, the construct of social conformity was taken off from the main analyses. The model fit of the measurement model was assessed by the χ^2 (chi-square) tests, the ratio of chi-square to degrees of freedom (χ^2/df), the comparative fit index (CFI), the goodness-of-fit index (GFI), and the root mean square error of approximation (RMSEA). As an indicator of good model fit to the data, Kline's (1998) criteria were used (i.e., CFI $\geq$ .90, GFI $\geq$ .90, RMSEA $\leq$ .08). The fit statistics of the measurement model were: χ^2 (877) = 1573.124; χ^2 /df = 1.794; CFI = .944; GFI = .871; and RMSEA = .041 (See Table 20).

Model Improvement

To improve the measurement model, all the measurement items were examined in terms of their lambda weights (standardized regression weights), standardized residual covariances, and modification indices (MIs). Ten pairs of error variance showed high MIs: eEth7 and eEth 10 (MI = 10.108), eEth7 and eEth 11 (MI = 26.740), eA1 and eA3 (MI = 13.043), eA1 and eA4 (MI = 15.393), eA1 and eA5 (MI = 12.097), eA3 and eA5 (MI = 22.503), eA4 and eA5 (MI = 42.810), ePQ3 and ePQ1 (MI = 21.043), ePQ4 and ePQ3 (MI = 11.991), and eFC1 and eFC3 (MI = 10.699). Based on these values, the respective error variances with high MIs were correlated to improve the fit of the measurement model (Table 18).

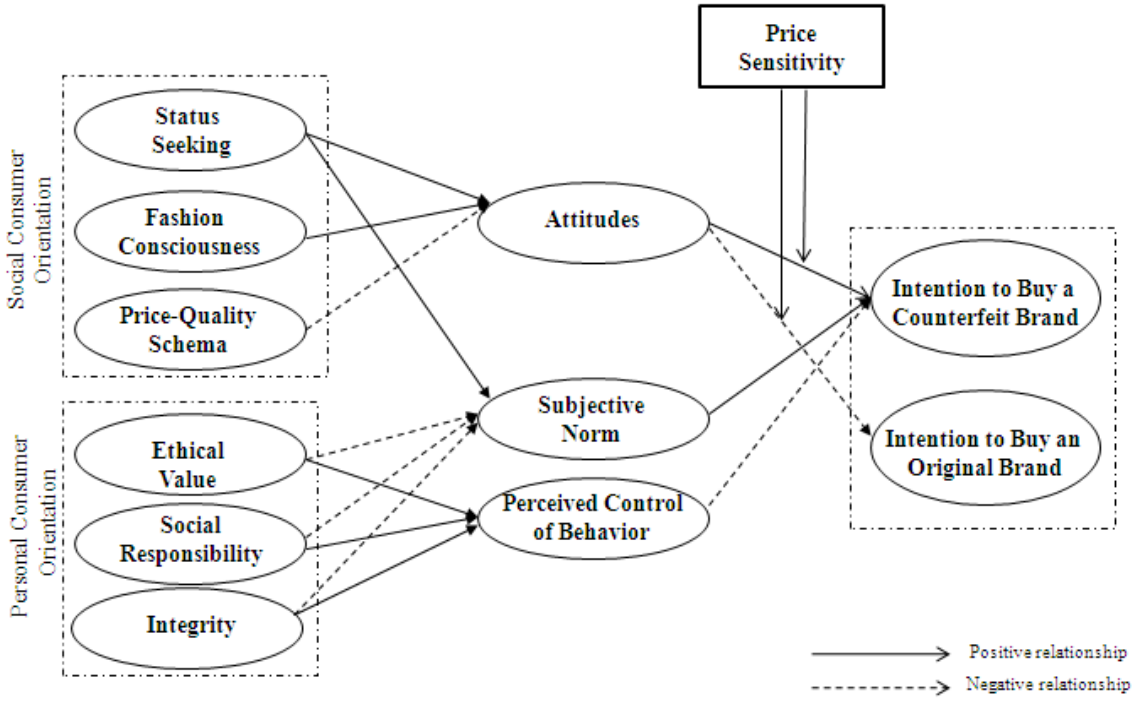

Figure 9. Research Model (Without Social Conformity)

Construct Validity

The construct validities of the latent constructs were evaluated by both convergent and discriminant validity (Table 19). Convergent validity was supported due to: (a) all the significant loadings ($p < 0.001$); (b) the composite reliability for each construct exceeding the recommended level of .70 (Nunnally & Bernstein, 1994); and (c) the average variance extracted (AVE) for each construct being higher than the recommended threshold value of .50 (Hair et al., 1988) (Table 19). The discriminant validity was tested by examining whether the values of average variances extracted (AVE) exceeded the squared correlation coefficients (i.e., shared variance) between all possible pairs of constructs, as indicated by Fornell and Larcker (1981). From the Table 19, it can be concluded that all constructs show discriminant validity. Additionally, the factor loadings and composite reliabilities for the final measurement model are shown in Table 20 and fit statistics are shown in Table 22.

STRUCTURAL MODEL EVALUATION

The proposed model and the hypothesized relationships among the constructs were tested with the structural model. Standardized regression estimates of variables and their respective significant path weights were used to determine whether the hypotheses were supported or not (Table 22). The fit indexes of the structural model were: χ^2 (748) = 1974.039; χ^2/df = 2.639; CFI = 0.925; GFI = 0.835; and RMSEA = 0.059. The results for hypotheses testing and path coefficients for each hypothesized relationship are shown in Figure 10 and Table 21.

HYPOTHESES TESTS

H1: Effect of Social Consumer Orientation (i.e., social conformity, status seeking, fashion consciousness, and price-quality schema) on Attitudes and Subjective Norm in the Purchase of Counterfeit Brands

Based on the high correlation of social conformity with status seeking and fashion consciousness, social conformity was not included in analyzing the measurement and the structural model preliminary analysis of the measurement items. Thus, the sub-hypothesized relationships for H1, H1a (between social conformity and attitude) and H1b (between social conformity and subjective norm) were eliminated from estimation process and the other hypotheses were renamed. Specifically, the relationship between status seeking and attitude was renamed as $H1a_{new}$, the relationship between status seeking and subjective norm was renamed as $H1b_{new,}$ the relationship between fashion consciousness and attitude was renamed as $H1c_{new,}$ and the relationship between price-quality schema and attitude was renamed as $H1d_{new.}$ The impact of status seeking on attitude to purchase counterfeit brands was positively significant ($\beta = .623$, $p = .005$), as it was expected. The relationship between status seeking and subjective norm to purchase counterfeit brands was not significant ($\beta = .074$, $p = .350$). The path weight between fashion consciousness and attitudes toward the purchase of counterfeit brands was significant but in a negative direction ($\beta = -.275$, $p = .043$). However, the influence of price-quality schema on attitudes toward the purchase of counterfeit brands was not significant ($\beta = -.255$, $p = .097$). Thus, $H1a_{new}$ was supported, whereas $H1b_{new}$, $H1c_{new,}$ and$H1d_{new}$ were not.

H2: Effect of Personal Consumer Orientation (i.e., ethical value, social responsibility, and integrity) on Subjective Norm and Perceived Control over the purchase of Counterfeit Brands

The path weights of all the sub-hypotheses of H2 were significant at $p < .05$ except for the sub-hypothesis between integrity and subjective norm. Ethical value ($\beta = -.239$, $p = .006$) and social responsibility ($\beta = -.159$, $p = .003$) had significant effects on subjective norm, whereas integrity ($\beta = .016$, $p = .915$) had a non-significant influence on subjective norm. Additionally, the relationships of ethical value ($\beta = .438$, $p = .000$), social responsibility ($\beta = .175$, $p = .006$), and integrity ($\beta = .424$, $p = .024$) with perceived control of purchase counterfeit brand were statistically significant. Thus, H2a, H2b, H2c, H2d, and H2f were supported, while H2e was not.

H3: Effects of Attitudes, Subjective Norm, and Perceived Control over the Intentions to purchase Counterfeit and Original Brands

H3 tested the effects of attitude, subjective norm, and perceived control over the intentions to purchase counterfeits (H3a, H3c, and H3d) and effect of attitudes on intentions to purchase original brands (H3b). The path weights were significant at $p < .001$ between attitude and intention to purchase counterfeit brands ($\beta = .272$, $p = .000$), attitude and intention to purchase original brands ($\beta = -.175$, $p = .001$), and subjective norm ($\beta = .386$, $p = .000$) and perceived control ($\beta = -.555$, $p = .000$) with intention to purchase counterfeit brands. Thus, all the sub-hypotheses in H3 (i.e., H3a, H3b, H3c, and H3d) were supported.

H4: Moderating effect of Price Sensitivity on the relationship between Attitudes and Intentions to purchase Counterfeit and Original Brands

The moderating effect was tested through multi-group analysis: splitting the sample into sub-groups according to whether consumers (or respondents) scored high or low on the scale items of price sensitivity. The technique of splitting the data into sub-groups for investigation of the moderating relationships was suggested by De Wulf, Odekerken, and Iacobucci (2001). The mean score for respondents' price sensitivity toward purchase of a branded fashion product (handbags or wallets) was 5.105 on a 7-point Likert type scale. Considering this, mean split method was chosen to classify respondents into two groups (i.e., "High" whose score was greater than or equal to 5.105 and "Low" whose score was lower than 5.105). Henceforth, respondents who rated more than or equal to the mean score (n = 245) were categorized into the "High" group and the respondents who rated less than the mean score (n = 234) were categorized into the "Low" group.

Comparative analysis of each path between the two groups (i.e., high group and low group) was conducted (Table 22). The moderating effects were tested using the chi-square difference ($\Delta\chi^2$) tests. These tests assessed whether the chi-square differences were significant between the two models (i.e., unconstrained model and the model with each path between high group and low group being set to equal). The chi-square difference tests revealed that there was a significant difference in the path of attitudes toward the purchase of counterfeit brands and intentions to purchase counterfeit brands (H4a) ($\Delta\chi^2 = 13.535$, $p = .000$). However, the impact of the attitudes on intentions to purchase was greater among consumers who have higher price sensitivity, which was opposite of the hypothesized direction, thus H4a was rejected (for low

price sensitivity, β = .515, *p* = .000 and for high price sensitivity, β = .167, *p* = .000). The chi-square difference test that there was no significant difference on the path between attitudes toward the purchase of counterfeit brands and intentions to purchase original brands ($\Delta\chi^2 = 1.508$, *p* = .220), rejecting H4b. Thus, H4a and H4b were not supported. The moderating effect of price sensitivity is shown in Table 22.

SUMMARY

This chapter provided the data analyses and results of hypotheses testing that were introduced in Chapter 2. In the first section, a descriptive analysis of respondents was presented. The section provided the results of the preliminary analysis of the main data. The third section evaluated CFA on individual constructs followed by evaluation of the measurement model. The measurement model provided an acceptable fit to the data: χ^2 (877) = 1573.124; χ^2 /df = 1.794; CFI = .944; GFI = .871; and RMSEA = .041. The fourth section evaluated the structural model using SEM and tested the hypotheses. The fit indices of the structural model were: χ^2 (748) = 1974.039; χ^2 /*df* = 2.639; CFI = 0.925; GFI = 0.835; and RMSEA = 0.059. Overall, the results of the hypotheses were mixed. Hypotheses H1 and H2 were partially supported, hypotheses H3 was fully supported, and hypotheses H4 was not supported.

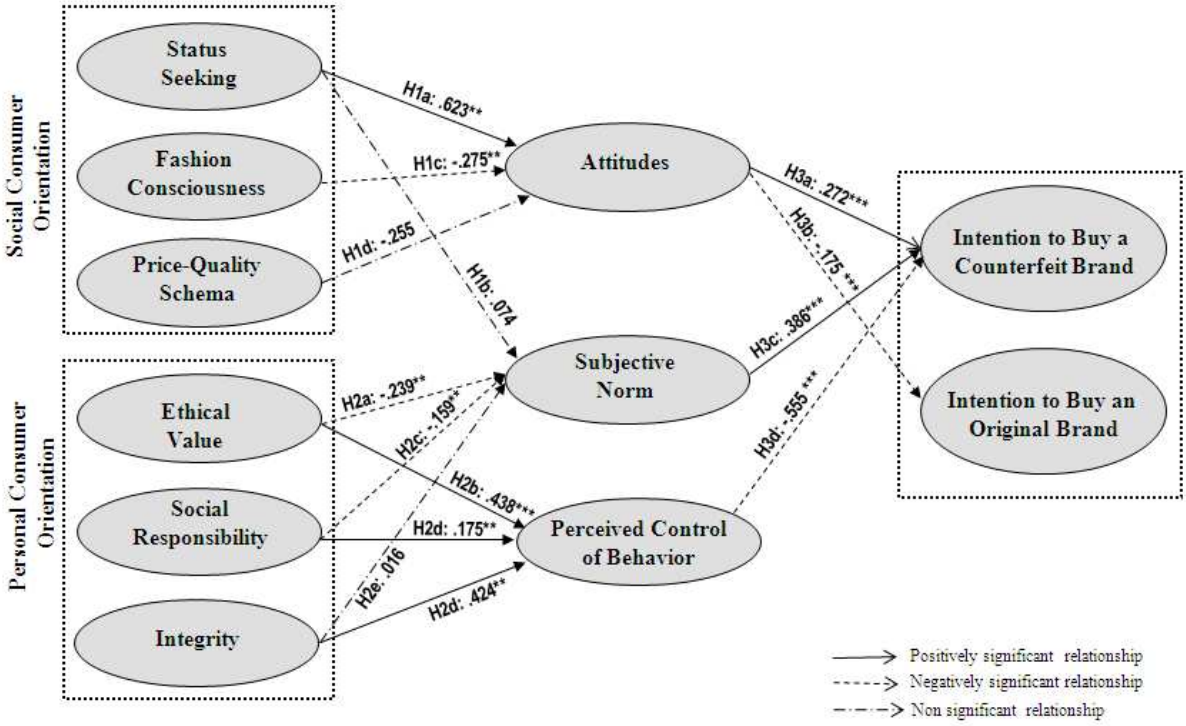

Figure 10. Final Research Model with Path Coefficients

CHAPTER 5

DISCUSSIONS AND IMPLICATIONS

This study developed a model that depicts relationships among various orientations of individuals and their planned behavior to purchase counterfeit luxury brands. The relationships among individuals' orientations, attitudes, subjective norm, perceived control, and intentions to purchase counterfeit and original brands are examined. The main objectives of this final chapter are to provide a summary of the study by underscoring the major findings and contributions to the literature. Moreover, this chapter will also provide implications to several groups including the academia, educators, marketers, and policy makers and discuss some limitations of the approach taken in the present study. Lastly, this chapter offers recommendations for further research followed by the conclusion of the study.

DISCUSSION OF FINDINGS AND IMPLICATIONS

The specific research objectives of this study were to investigate: (a) the influence of social consumer orientation (social conformity, status seeking, fashion consciousness, and price-quality schema) on attitudes toward the purchase of counterfeit brands and subjective norm, (b) the influence of personal consumer orientation (ethical value, social responsibility, and integrity) on subjective norm and perceived control over the purchase of counterfeit brands, (c) the influences of attitudes toward the purchase of counterfeit brand, subjective norm, and perceived control on intentions to purchase counterfeit and original brands, and (d) the moderating role that

price sensitivity plays between attitudes toward the purchase of counterfeit brands and the intentions to buy counterfeit and original brands.

RESEARCH MODEL

The theoretical background of this study is based on the overarching frameworks of Theory of Planned Behavior (TPB) (Ajzen, 1985), value-attitude-behavior system (Fishbein & Ajzen, 1975), bandwagon effect in the theory of consumer demand (Leibenstein, 1950), and aberrant consumer behavior (Fullerton & Punj, 1993). A comprehensive review of literature identified consumer orientations that may influence individuals' intentions to purchase counterfeit luxury brands. These orientations consisted of: social consumer orientation (social conformity, status seeking, fashion consciousness, price-quality schema) and personal consumer orientation (ethical value, social responsibility, and integrity).

Prior to the evaluation of the measurement model, underlying assumptions (outliers, normality, and multicollinearity) for structural equation modeling were checked. Assessment of multivariate outliers using Mahalanobis distance (D^2) resulted in identification and deletion of 21 outliers for further analyses. Thus, the sample size considered for the analyses of the proposed hypotheses was reduced from 500 to 479. Based on the assessment of normality assumption using the cut-off criteria for skewness and kurtosis values of ±3 (Bollen, 1989), five scale items for ethical value (Eth1, Eth2, Eth3, Eth4, and Eth 5) were identified as non-normal due to greater values for kurtosis, indicating that the distribution for these scales was heavy tailed. Since the classical methods in structural equation modeling (SEM) are developed under the assumption of normality in which the sample covariance matrix **S** is fitted by a proposed model $\sum(\boldsymbol{\theta})$, the presence of heavy tails in the distribution can lead to inefficient parameter estimates (Yuan,

Bentler, & Chan, 2004). Thus, steps were taken to improve the data of the five non-normal scale items using data transformation techniques such as natural logarithm, log 10, square root, inverse, and square. However, the transformation of the five significantly non-normal scale items did not improve in terms of their normality. Hence, it was decided to drop these scale items, leaving Eth 6, Eth7, Eth 8, Eth 9, Eth10, and Eth 11 to measure the latent construct of ethical value. The deletion of these 5 items from one of the sub factors of ethical value resulted in transforming ethical value as a first order factor instead of a second order construct.

Evaluation of the measurement model through confirmatory factor analysis (CFA) led to a non-positive definite covariance matrix, indicating a linear dependency (or multicollinearity) of one variable on another. This result generally produces singular covariance matrix and does not allow operations such as matrix inversions (as the matrix cannot be divided by zero) and produces the solution as inadmissible (Wothke, 1993). As suggested by Kline (2005), the correlation matrix was inspected for pairwise correlations to see whether constructs correlated with other. The pairwise correlations for social conformity with status seeking (r = .958) and fashion consciousness (r = .900) were found to be above the cut-off value of .90, causing high multicolllinearity. Following Kline's suggestion, social conformity was eliminated from the model and the final model contained 12 constructs measured by 45 observed variables. The measurement model provided an acceptable fit to the data: χ^2 (877) = 1573.124; χ^2 / df = 1.794; CFI = 0.944; GFI = 0.871; and RMSEA = 0.041.

With respect to composite reliability, the values of the 12 constructs in the proposed model ranged from 0.711 to 0.984, meeting the minimum reliability of 0.70 (Hair et al., 1995). The average variance extracted (AVE) for each construct was higher than the recommended value of 0.50 (Hair et al., 1995), indicating the existence of convergent validity. Additionally, the

values of AVE between all possible pairs of constructs were greater than the squared correlation coefficients (i.e., shared variance), confirming the discriminant validity. As suggested by Anderson and Gerbin (1988), confirmatory analysis was followed by testing the structural model with the latent variables to determine the adequacy of the model and test the hypotheses. The structural model provided an acceptable fit to the data: χ^2 (748) = 1974.039; χ^2 / df = 2.639; CFI = 0.925; GFI = 0.835; and RMSEA = 0.059. Based on the acceptable goodness-of-fit indices in the structural model, it is evident that the proposed model can be effectively used to explain consumers' intention toward purchase of counterfeit luxury brands.

Based on the high correlations of social conformity with status seeking and fashion consciousness, social conformity was not included in analyzing the measurement and structural models. Thus, the sub-hypothesized relationships for H1, H1a (between social conformity and attitude) and H1b (between social conformity and subjective norm) were eliminated from the measurement model. Instead, the relationship between status seeking and attitude were renamed as $H1a_{new}$, the relationship between status seeking and subjective norm was renamed as $H1b_{new,}$ the relationship between fashion consciousness and attitude was renamed as $H1c_{new,}$ and the relationship between price-quality schema and attitude was renamed as $H1d_{new.}$

RESULTS AND DISCUSSION

Effect of Social Consumer Orientation on Attitudes and Subjective Norm

As expected in the sub-hypothesis $H1a_{new}$, the effect of status seeking on attitudes toward the purchase of counterfeit brands was positively significant. Based on the supporting literature, a positive relationship was proposed between status seeking and attitudes toward the purchase of

counterfeit brands, indicating that consumers who seek social status tend to select counterfeit luxury branded products instead of their genuine versions. A positive beta coefficient ($\beta = .623$, $p = .005$) was found, which supported Veblen's (1992) argument that consumers' desire to gain status may also be enhanced by purchasing non-expensive luxury brands. Wee et al. (1995) also supported the positive relation between status consciousness and attitudes toward counterfeits which can be explained by the bandwagon effect (i.e., the desire to consume those brands that are in use by others). The result for this hypothesis was further supported by Garza (2006) who pointed out that even though the products are not original, they are still associated with status if they resemble to genuine products. This means that consumers who seek to enhance their social status prefer to have the ownership of highly visible counterfeit luxury brands and hence have favorable attitudes toward purchasing them. Since counterfeit branded products are typically constructed with the same designs, colors, and raw materials, they have high resemblance to those of the original ones, and hence are likely to be purchased (Wilcox et al., 2009). This perception of "new luxury" obtained by purchasing counterfeit versions of genuine brands at affordable prices explains the positive relationship between status seeking and attitudes toward purchasing counterfeit brands in this study.

Since consumers who seek status have favorable attitudes toward the purchase of counterfeit brands, it poses threats to the genuine luxury brand managers. Hence, it becomes necessary for brand managers and practitioners to plan and execute strategies that help in reducing the consumption of counterfeit luxury brands, especially if the consumption is driven by the status seeking motivation. One of the ways that may reduce this type of consumption is by dissuading consumers to purchase counterfeit versions of the original brands by promoting genuine luxury brands as a medium to reflect consumers' internal expressions instead of

emphasizing only the social benefits (e.g., status and prestige) associated with the luxury brands. As another way, offering a branded product range at lower price that specifically targets young consumers may help in achieving a long-term success in reducing demands of counterfeit brands. Since consumers' habits develop at an early age, it can be anticipated that consumers, if they buy status-associated high end brands at lower prices, might be reluctant to buy counterfeit brands in the long run (Phau et al., 2009). As an example, Vera Wang has a brand extension called Simply Vera Vera Wang that targets young middle to upper middle population who cannot afford the luxury line of Vera Wang. Simply Vera Vera Wang shares a similar concept with the parent brand; however, it still maintains an affordable option for young consumers who have a taste for style and status but have lower income.

For the sub-hypothesis $H1b_{new,}$ the relationship of status seeking with subjective norm in the purchase of counterfeit luxury brands was found to be non-significant. It was proposed that consumers who seek social status tend to select genuine luxury brands would be more influenced by the social pressure to purchase counterfeit brands. However, a non-significant positive beta coefficient ($\beta = .074$, $p = .350$) was found for $H1b_{new}$. Conflicting results are found in the literature. For instance, Wilcox et al. (2009) found that consumers who seek for status and aspire to be a part of the higher social class feel pressurized to purchase the counterfeit version of genuine luxury brands. On the contrary, Grossman and Shapiro (1988a) found that counterfeit brands may impose a negative impact on self–image and may degrade the status associated with the counterfeit brands, indicating a negative relationship between status seeking and attitude towards the purchase of counterfeit brands. The result of this study shows that the respondents who rated high on status-seeking consumers may believe in buying luxury brands regardless of the peer pressure. It is possible that they buy counterfeit luxury brands for internal reasons as

well as external reasons. In fact, Truong et al. (2008) argued that some consumers purchase luxury brands to gain status both internally (improving self-respect and self-esteem) and externally (others' approval), while other consumers purchase luxury brands to gain status primarily for external motives such as how others perceive them in the society.

For the sub-hypothesis ($H1c_{new}$), the relationship between fashion consciousness and attitudes was found to be not supported. For $H1c_{new}$, a positive significant path was proposed, however a negative significant path weight ($\beta = -.275$, $p = .043$) was found. This result contradicts previous findings that illustrated that consumers who have high inclination and taste toward fashion tend to differentiate themselves from others and prefer novel and exclusive branded products over counterfeit brands (e.g., Bertrandias & Goldsmith, 2006; Sprolles & Kendall, 1986; Workmann & Kidd, 2000). The significant negative path weight suggested that consumers who use fashion to express their social and personal identity have negative attitudes about counterfeit brands (Goldsmith, 2002).

The strategic and tactical implications based on the negative relationship between fashion consciousness and attitudes toward the purchase of counterfeit brands may be beneficial to genuine luxury brand managers in fighting against counterfeiting. The above findings may indicate that a segmented approach of brand extensions to appeal to a fashion-conscious consumer group must evolve while developing market strategies for genuine luxury brands. Luxury brands managers may consider developing "new luxury" products available at affordable prices and provide a range of fashionable and creative products to fashion-conscious consumers at various price points. With this segmented approach, consumers who are fashion-conscious may have options to choose different products with genuine brand name at relatively lower prices. For example, *Armani Exchange* label (parent brand *Armani*) is moderately priced and

inspired by creativity and fashionable culture targeting those individuals who have a high taste for fashion yet cannot afford to purchase higher-end Armani products. The brand extension strategy of Armani that provides entry brand level products aiming at younger and fashionable buyers meets the need of this specific consumer group and benefits the company in the long run (Commuri, 2009). As another implication for fashion marketers and practitioners is the need to increase knowledge of the harm that might be caused upon consumption of counterfeit fashion luxury brands. One such initiative was taken by *Harper Bazaar* known as "Harper's Bazaar Fakes are Never in Fashion." This initiative included publishing articles to inform its fashion-conscious readers about harmful effects caused by purchasing counterfeit brands. Such initiatives may increase awareness among consumers that fake counterfeit brands do not help them in fulfilling their needs to be exclusive and creative.

The relationship between price-quality schema and attitudes toward the purchase of counterfeit brands (i.e., $H1d_{new}$), was found to be non-significant. Under $H1d_{new}$, it was expected that consumers' perception of price-quality schema ("high price, high quality" and "low price, low quality") will negatively affect their attitudes toward the purchase of counterfeit luxury brands. Thus, the path weight for $H1d_{new}$ was expected to be negatively significant. The direction of the path weight was negative ($\beta = -.255$); however, it was not significant ($p = 0.097$). This result was inconsistent with Huang et al.'s (2004) study that found a negatively significant influence of price-quality schema on attitudes toward gray market products. Contrary to these results, Matos et al. (2007) found a positive influence of price-quality schema on attitudes towards counterfeits. One possible reason for the non-significant relationship between price-quality schema and attitudes toward the purchase of counterfeit brands may be that the price-quality schema perceived by consumers may be product-specific (Gerstner, 1985). Based on this

notion by Gerstner, even though the respondents have high price-quality schema for luxury products (i.e., handbags/wallets in this study), they might not have the same "high price high quality" perception for counterfeit branded products. This difference in the perception of respondents could be due to their high inclination toward price sensitivity (mean score of price sensitivity was equal to 5.105 on a 7-point Likert type scale) toward the product category (i.e., handbag/wallet) used in the study. It may be possible that since these consumers do not shell out a lot of money to purchase handbags/wallets, they may not believe in high price-quality schema for this product category. To maintain a high price-quality perception toward luxury brands, luxury brand managers could reinforce price-quality inference-related messages in their communication campaigns, and improve consumers' perception of quality in genuine brands that are sold through authorized channels.

Effect of Personal Consumer Orientation on Subjective Norm and Perceived Control

All the sub-hypothesized relationships of H2 were found to be significant for the relationship of personal consumer orientation with subjective norm and perceived control with the exception of H2e (relationship between integrity and subjective norm). To be specific, the negative relationship between ethical value and subjective norm ($\beta = -.239$, $p = .006$) (H2a) in the purchase of counterfeit brands was found to be significant. Also, the relationship between social responsibility and subjective norm ($\beta = -.159$, $p = .003$) (H2c) was also found to be significant. This suggests that highly ethical and socially responsible consumers make their consumption choices for counterfeit brands independent of the social pressure. Cherrier (2009), Kwong et al. (2009), Muncy and Vitell (1992), Shaw et al. (2005), and Wan et al. (2009) supported these findings and pointed out that consumers with higher ethical value rationalize and

do not perform the behavior in question if it does not help the society. They further provided clarification that consumers' ethical value and the extent of their social responsibility influences their perception and behavior toward social concerns.

In suggesting implications for the negative relationship of ethical value and social responsibility with subjective norm, it should be kept in mind that consumers with high ethical value and social responsibility are not affected by homogenous set of social norms to purchase counterfeit brands and that, they are rather closely influenced by their idiosyncratic personal dispositions while making decisions to purchase counterfeit brands. The message displayed in the campaigns may motivate consumers based on their own desire for achievement instead of being influenced by their referent groups and peers. Based on this strategy, a popular hip-hop clothing brand 'Sean John Canada' designed by Sean 'Diddy' Combs started an initiative called "Don't Buy a Lie" to make consumers aware that buying counterfeit brands is equivalent to telling lies to others. The initiative further acts as a vehicle to spread for educating consumers about the repercussions of buying counterfeit brands which include supporting illegal factories that often use child labor, pay unfair wages to workers, and have no code of conduct. It is anticipated that consumers with high ethical value and social responsibility would be motivated by such initiative and will not be under pressure by others to purchase counterfeit brands. In sum, in fighting against counterfeit brands, brand managers must aim to educate the public about their moral obligation toward consumption besides the social concerns in the society.

Surprisingly, the relationship of integrity to subjective norm (H2e) was not supported ($\beta = .016$, $p = .915$). It was expected that consumers' extent of social pressure associated with the purchase of counterfeit luxury brands will be negatively influenced by their integrity level. Contrary to the expectation, the directional of the path was positive and non-significant. This

finding contradicts the previous findings on the negative relationship of integrity to piracy (Ang et al., 2001) and to attitudes about counterfeits (de Matoas et al., 2007). However, the non-significant relationship was supported by Kim and Karpova's (2009) finding of no relationship between integrity and attitudes toward counterfeits and; Ha and Lennon's (2006) finding of no difference between buyers and non-buyers of counterfeits in their ethical ideologies. The non-significant relationship between integrity and subjective norm could be attributed to the fact that individuals may view counterfeit branded products as illegal but may not realize that purchasing those products is a serious problem. Such a phenomenon may further be backed by the lack of legislative regulations to prosecute individuals who purchase and consume counterfeit brands.

As other sub-hypotheses of H2, the relationships of ethical value ($\beta = .438$, $p = .000$) (H2b), social responsibility ($\beta = .175$, $p = .006$) (H2d), and integrity ($\beta = .424$, $p = .024$) (H2f) with perceived control were all supported. This means that consumers who behave in an ethical manner show their concerns about social issues and are inclined toward lawfulness which controls their purchase of counterfeit brands. In fact, several studies supported the positive influence of ethical ideologies on the decision to not to purchase counterfeits (e.g., Albers-Miller, 1999; Ha & Lennon, 2006; Nill & Shultz, 1996). Not surprisingly, recent developments in the consumption of branded products have become more socially conscious even for genuine products. For example, there has been an increase in the number of protests by consumers and policy makers against the disturbing sweatshop stories of famous sports brands such as Nike, Adidas, and Reebok. In the past, these retailers have been accused of using child labor, long working hours for laborers in unsuitable working conditions, and even paying them lower than minimum wages. Due to such violations of human rights by these sports brands, consumers started opting for fair trade products and showed resentment against the purchase of products

from these brands. This clearly reflects consumers strong determination to not to consume products that cause concern for the society.

Since counterfeit products are also manufactured in a similar way as some sports products are manufactured in sweatshops, it may be apparent why consumers are becoming aware that purchasing counterfeit products supports these socially undesirable sweatshop conditions. This may provide implications to brand managers of genuine luxury brands as well as to social activists to raise their concerns of violation of human rights among masses through marketing campaigns that emphasize on taking steps to curb such happenings. Also, it becomes important for marketers of genuine luxury brands to highlight the importance of human values such as honesty and responsibility in individuals' actions toward consumption of luxury brands. For example, in a recent advertising campaign by Louis Vuitton, the brand managers emphasized on the "Core Values" of the company's in their advertisement through famous personalities and iconic leaders such as such Mikhail Gorbachev, Sean Connery, soccer player Pele, and astronaut Jim Lovell, and Sally Ride. The main aim for this advertising campaign is to associate consumers' consumption of the brand with a successful journey of their personal life (Louis Vuitton Moet Hennessey, 2010). Such campaigns may highlight the importance of values, both as an individual as well as in the consumption of brands, which may motivate consumers not to purchase counterfeit brands.

This can be backed by the fact that consumers who consider themselves as socially responsible have a strong willpower and determination not to engage themselves in activities or events that may cause harm to the society (Phau et al., 2009). In order to boost their determination and willpower, genuine brand managers may consider using brand endorsers, company employees, and company CEOs in their awareness campaigns, to create a greater

impact on how consumers perceive genuine luxury brands (Aaker, 1977). As another way of highlighting the importance of making rational decisions could use campaigns that are based on themes such as one that highlights the difference between users of a genuine luxury brand and users of its counterfeit version.

Effects of Attitudes, Subjective Norm, and Perceived Control on Intentions

All the sub-hypotheses (H3a, b, c, d) were supported in the study. Consumers' attitudes toward the purchase of counterfeit brands positively affected their intentions to purchase counterfeit brands and negatively influenced to purchase original brands. These relationships were supported by previous studies that used Theory of Planned Behavior in the context of purchasing illegal products such as pirated music CDs, software, and counterfeit fashion products (Kim & Karpova, 2009; Lee & Johnson, 2007; Penz & Stottinger, 2005 etc). Additionally, Tom et al. (1998) found that consumers who are supportive of counterfeit brands sold in the market actually purchase them as it makes them feel smarter than others. Wee et al. (1996) also found a positive relationship between attitudes and intention toward purchasing counterfeit fashion brands and pirated software. As illuminated by Kim and Lee (2004), consumers with favorable attitudes toward the purchase of counterfeit brands may not realize that purchasing these brands can be a social concern and hence develop strong intentions to buy them and avoid buying original brands.

As expected, subjective norm (H3c) and perceived control (H3d) were also significantly related to intention to purchase counterfeit brands. The relationship between subjective norm and intentions to purchase counterfeit brands was positive and significant, and the relationship between perceived control and intentions to purchase counterfeit brands was negative and

significant. Interestingly, it was found that subjective norm (β = .386, *p* = .000) is a better predictor of intention to purchase counterfeit brands than attitude (β = .272, *p* = .000) is. Thus, it is evident that consumers are more motivated to purchase counterfeit brands due to the social or peer pressure and indicates that social influence is an important predictor of consumption of counterfeit luxury brands. This result is consistent with Kim and Karpova's (2009) finding on the strong influence of social pressure on purchasing counterfeit fashion brands. Similar results were confirmed by Ang et al. (2001) and Summers et al. (2006). Additionally, the negative relationship between perceived control (PCB) and intention to purchase counterfeit luxury brands was as expected. This result reflects Madden, Ellen, and Ajzen's (1992) conceptualization of PCB; that is, the individuals with a higher level of perceived control have a stronger willpower and determination in deciding whether (or not) to perform the final behavior. Therefore, if consumers have more control on their actions, it is more difficult for them to purchase counterfeit brands and vice versa.

Practical implications to change the attitudes in consumers and increase their perceived control over the purchase of counterfeit brands include designing persuasive messages. It may be cautious to develop advertisements directed at consumers to highlight the harms associated with the consumption of counterfeit products. Moreover, aggressive publicity of possible prosecution for purchasing counterfeit brands may evoke a sense of fear and punishment, and hence may result in forcing consumers to develop a strong determination against buying those brands. Besides this, marketers may reveal hidden facts about counterfeit brands through image-based and information-based advertisements that discuss related issues such as human trafficking, narcotics, and even terrorism (Kim & Karpova, 2009). This may also motivate the consumers to change their attitudes towards consumption of counterfeit brands. Information-based

advertisements could include information regarding negative impacts on the economy and employment. One such type of information-based promotion was implemented by *Tyra Banks* in her television show where she discussed the negative effects of purchasing counterfeit luxury handbags (Tyra Show, 2007). It is expected that exposure to information-based promotions may increase the level of control in individuals and may motivate them to be rationale in their behavior. The image-based promotion was initiated by the *Harper Bazaar* fashion magazine by using provoking print images such as a handcuff placed along with a pair of counterfeit shoes and another one with 'fake' written all over the shoes (Harper Bazaar, 2010). Perhaps, these provoking messages could be deployed to spread a sense of control and strong willpower among individuals, which may result in a resistance to consumer counterfeit brands and hence leave a long-lasting apprehension that purchasing these brands causes harm to the society as a whole.

These provoking messages can to spread awareness and literacy regarding the dark side of counterfeit products among those individuals who would otherwise not be exposed to such important information. As another implication that can be very effective in spreading the message of boycotting counterfeit products could be by making a commercial or documentary movie that spreads the message fast. For example, making documentary films like '*The September Issue*' (a documentary that covers the real in's and out's of the publishing of fashion magazine *American Vogue*) and commercial films like '*The Devil wears Prada*' (which showcases back-end life in the fashion industry) that takes a behind-the-scene look at the how counterfeit products are manufactured and what happens to the money after these products are sold. This may, perhaps, leave a long lasting impression in the viewers' mind about the importance to curb the demands for counterfeit products in the market.

Moderator effect on the relationship between Attitudes and Intentions

The moderating effect of price sensitivity on the relationship between attitudes toward the purchase of counterfeit brands and intentions to purchase counterfeit and original brands was not supported. Contrary to the expectations, the relationship between attitudes and intention to purchase counterfeit brands was strengthened by consumers who were less price-sensitive. Thus, it can be said that consumers may have stronger intentions to purchase counterfeit brands when they are less price-sensitive. One of the reasons for this result could be that consumers with low price sensitivity may purchase counterfeit luxury brands either for trial of the new styles or enjoy the new fashion. In addition, price sensitivity had no influence on the relationship between attitudes to the purchase of counterfeit brands and intentions to purchase original brands.

Another reason for this unexpected relationship could be due to the measurement issue. This indicates a further need of a rigorous validity testing of the scale items for the construct of price sensitivity. It should be noted that out of total six items for price sensitivity (PS1, PS2, PS3, PS4, PS5, and PS6), PS1 and PS3 were in the positive direction, indicating that respondents with higher scores on price sensitivity were more price sensitive; while the rest of the items (PS2, PS4, PS5, and PS6) were in the negative direction, indicating that respondents with lower scores on price sensitivity were more price sensitive. Based on the CFA results for price sensitivity, PS1 and PS3 were deleted as they did not meet the criteria to be included in the measurement model. Therefore, the negatively worded items PS2, PS4, PS5, and PS6 were used to measure the level of price sensitivity for this study. This may have caused discrepancies in the expected results.

Genuine brand managers should be extremely cautious when planning and executing strategies to promote genuine luxury brands. In this attempt, brand managers may emphasize in

their communication and marketing messages that, instead of frequently buying counterfeits at lower prices, consumers can consider buying a genuine product that will last for a very long time. For example, they could include slogans in their advertisements or marketing messages that emphasize “higher quality and extensive service” instead of the price component.

Implications for Educators, Social Marketing Groups, and Policy Makers

Counterfeiting of luxury brands has become a severe global problem that cannot be improved overnight (Phau et al., 2009). However, it requires long-term planning, policy making, and its execution that target those consumers who demand for counterfeit brands in the market. It is crucial for policy makers, social marketing groups, and educators to spread the awareness and knowledge about the drawbacks of counterfeiting to the society as well as the economy. Based on the demographic information of this study, it is evident that about 61% of the total respondents had alteast a bachelor’s degree and may have a greater level of knowledge regarding counterfeit brands. Thus, perhaps there should be specific programs that spread knowledge and awareness to those who do not have a higher level of education such as a bachelor’s degree. More specifically, educators, marketers, and groups petitioning public policy should advocate literacy programs/camps about possible threats and concerns caused by counterfeit products to change the attitudes toward the purchase of counterfeit brands. This can be implemented by offering comprehensive communication and education programs that provide insights as to how counterfeit products are manufactures and where does the money go when consumers purchase these products.

Altering consumers' attitudes by triggering their knowledge and by altering their perceived control through arousal of fear of prosecution upon purchase of counterfeit products may change the way they respond to counterfeit products. For example, provoking advertisements can be developed that depict the loss of social acceptance such as losing favorable opinion of peers or being rejected by important reference group such as family members, friends, and peers. Thus, advertisements could focus on spreading the message that, by consuming the counterfeit brands, the social class or status of consumers may still remain the same or may reduce as it would reflect their low self-esteem.

Policy makers, social marketing groups, and other anti-counterfeiting organizations could spread awareness about the dark side of buying illegal products by forming localized voluntary consumer groups. At the same time, creating opportunities to open dialogs among consumers and experts in anti-counterfeiting strategies as a way to clear consumers' misconceptions regarding using counterfeit products may invoke awareness and change their attitudes toward counterfeits. These consumer groups can be trained to increase awareness among other fellow individuals and encourage them to file complaints about those who either buy and/or sell counterfeit products.

Limitations of the Study and Future Research

This study has several limitations and opportunities for future research. First, a serious limitation was related to the construct of ethical value. Originally, the construct of ethical value was adapted as a second order factor from the previous literature. However, five scale items (Eth 1, Eth2, Eth3, Eth4, and Eth 5) for a sub-construct were not normal. Therefore, these items (and hence, the sub-construct of ethical value) were deleted during the data screening procedure for

further analysis. This resulted in ethical value construct to be used as a single order factor (instead of a second factor structure) to measure ethical value for this study. Further research can explore the validity of these five scale items for more accurate measurement of ethical value that is specific to the counterfeit brands and its purchase.

For example, scale items for ethical value such as Eth6 (i.e., getting too much change and not saying anything) may not be appropriate in judging individuals' ethical value for purchasing counterfeit brands. Second, high correlations between social conformity and status seeking ($r = 0.958$) and between social conformity and fashion consciousness ($r = 0.900$) created an issue of multicollinearity. To resolve the issue, social conformity was eliminated for further analyses. Since Ang et al. (2001) found a positive influence of normative and information susceptibility on the attitudes toward pirated CDs, it may be worth exploring the construct of social conformity in the context of counterfeit fashion brands with different measurements from the ones used this study.

The second set of limitation stems from picking up only one product category (hangbags/ wallets) for the study. Therefore, the results of this study may not be generalized to other product categories. Third, the respondents rated the statements related to ethical value, social responsibility, and integrity. Even though the respondents were informed that their responses would be completely anonymous, they could have been influenced by the attempt to produce more socially acceptable responses. This self-report measure of variables may result in systematic error (Fukukawa, 2002). This error is prevalent in the studies that deal with sensitive issues that entail ethical decision-making processes such as using drugs, shoplifting, and purchasing counterfeits. Fourth, the dimensions and measurement items used in this study were adapted from previous studies that were originally developed in the context other than

counterfeits. Also, high correlations among constructs such as social conformity, status seeking, and fashion consciousness and their high modification indices indicate that there is a need to develop a scale specific to the counterfeit context. Fifth, the scenario was used that described a hypothetical situation. Even though conscientious efforts were aimed at making the scenario as realistic as possible, participants had to imagine themselves in that scenario. Sixth, the construct of price sensitivity was negatively worded and hence might have resulted in measurement errors which resulted in unexpected results for its proposed moderating effect. Further refinement of the construct of price sensitivity needs to be considered for assessing its influence on the relationships between attitudes and intentions to purchase counterfeit and original luxury brands.

Since the phenomenon of counterfeit has recently attracted more research interests (e.g., Kim & Karpova, 2009, Kim & Lee, 2006; Phau et al., 2009; Wilcox et al., 2009), it is evident that understanding consumer behavior pertaining to counterfeit brands has become important. Future research could include performing a cross-cultural study and see if the proposed model works in other cultures. It would be also interesting to study other luxury product categories (e.g., clothing, shoes, sunglasses, jewelry etc) that are frequently counterfeited. Another study on consumers who travel overseas frequently and buy counterfeit luxury brands could also be conducted to have an insight into their motivation, attitudes, and behavior.

Lastly, the demographic information of the respondents of this study indicated that 35% of the respondents had a bachelor's degree and about another 26% had a graduate degree. It indicates that educated consumers might have responded to the constructs differently from less educated consumers, influencing the results of this study. Further investigation with a larger, random sample needs to be considered to understand general consumers' behavior toward the purchase of counterfeit brands. Because the respondents of this study indicated a high level of

education, the implications of this study may be centered on consumer education to raise awareness of counterfeiting and its consequences.

CONCLUSION

This study was an attempt to develop an empirical framework that depicts various predictors of intentions to purchase counterfeit luxury brands. This study provided a number of theoretical and managerial implications to educators, marketing practitioners, and policy makers. In order to investigate the factors influencing the intention to purchase counterfeit brands, this study adopted Theory of Planned Behavior, value-attitude-behavior system, bandwagon effect in the theory of consumer demand, and aberrant consumer behavior. In doing so, this study introduced the growing demand for counterfeit brands in the market and elaborated on previous research that has been conducted in the area of counterfeits. In an attempt to fill the gap that exists in the literature on the demand side of counterfeit brands, this study investigated the relationships among consumer orientations (social and personal), attitudes, subjective norm, perceived control, price sensitivity, and intentions to purchase counterfeit and original brands.

The overall study results suggest that fashion consciousness and price-quality schema have no affect on consumers' attitude toward the purchase of counterfeit brands; and status seeking has no affect on subjective norm to purchase counterfeit brands. Apart from this, the results indicate that higher ethical value, social responsibility, and integrity lead to greater control over the purchase of counterfeit brands. Interestingly, integrity has no influence on subjective norm to purchase counterfeit brands. Furthermore, the results indicate that favorable attitudes toward the purchase of counterfeit brand has a positive influence on the intentions to

purchase counterfeit brands whereas it has a negative influence on the intentions to purchase original brands. Additionally, the subjective norm shows a positive relation with intentions to purchase counterfeit brands and perceived control over the purchase of counterfeit brands show a negative relationship with intentions to purchase counterfeit brands. Finally, based on the result of the hypothesis for moderator testing, price sensitivity does not act as a moderating factor in the relationship between attitudes and intentions to purchase counterfeit brands.

Based on the results obtained in the study, implications for managers, educators, and policy makers have been suggested. Besides suggesting tactical strategies to control the growing problem of selling counterfeit brands in the markets, it is believed that there is a strong need to spread awareness and information about the dark side of counterfeiting among consumers so that they develop a resistance in consumption of counterfeit and illegally sold brands in the market.

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TABLES

Table 1. Operational definitions of constructs used in the study

Construct	Operational Definition	Source
Counterfeited products	Illegally produced tangible goods that resemble the genuine goods but are lower in terms of quality, performance, or durability.	Lai & Zaichkowsky (1999)
Social conformity	The change in consumers' product evaluations, attitude, purchase intentions, or purchase behavior as a result of exposure to the evaluations, intentions, or purchase behaviors of referent others	Lascu & Zinkhan (1999)
Status seeking	An expression of evaluative judgment that conveys high or low prestige, regard, and esteem	Donnenwerth & Foal (1974, p. 786)
Fashion Consciousness	A person's degree of involvement with the styles of fashion products	Nam et. al. (2007, p. 103)
Price-Quality Schema	A generalized belief across product categories that the level of price is related positively to the quality level of the product	Lichtenstein et al. (1993, p. 236)
Ethical Value	The moral principles and standards that guide behavior of individuals or groups as they obtain, use, and dispose of goods and services	Muncy & Vitell (1992, p. 298)
Social Responsibility	Perceive of positive (or less negative) impact on the environment or use of individuals' purchasing power to express current social concerns	Robert (1995)
Integrity	Individual's beliefs about the way he or she ought to tell the truth and do what he or she thinks is right	Ravlin & Meglino (1987)
Price Sensitivity	The extent of how consumers feel about paying the price for an offering	Goldsmith & Newell (1997)
Attitude	The degree to which a person has a favorable or unfavorable evaluation of the behavior in question	Fishbein & Ajzen (1975)
Subjective Norm	A person's perception of the social pressure to perform the behavior in question.	
Perceived Control of Behavior	A person's belief as to how easy or difficult the performance of the behavior is likely to be.	
Behavioral Intention	The subjective probability of performing overt behavior suggesting that people do what they say they are going to do.	

Table 2. Summary of hypothesized relationships

Construct		Code	Proposed Hypotheses
Social Consumer Orientation	Social Conformity	H1a	As consumers have stronger social conformity, they will have more positive attitudes toward the purchase of counterfeit brands.
		H1b	As consumers have stronger social conformity, they will have stronger subjective norm in the purchase of counterfeit brands.
	Status Seeking	H1c	As consumers have a stronger status-seeking tendency, they will have more positive attitudes toward the purchase of counterfeit brands.
		H1d	As consumers have a stronger status seeking tendency, they will have stronger subjective norm in the purchase of counterfeit brands.
	Fashion Consciousness	H1e	As consumers have a higher level of fashion consciousness, they will have more positive attitudes toward the purchase of counterfeit brands.
	Price-Quality Schema	H1f	As consumers have a higher level of price-quality schema, they will have negative attitudes toward the purchase of counterfeit brands.
Personal Consumer Orientation	Ethical Value	H2a	As consumers have stronger ethical value, they will have weaker subjective norm in the purchase of counterfeit brands.
		H2b	As consumers have stronger ethical value, they will have greater perceived control over the purchase of counterfeit brands.
	Social Responsibility	H2c	As consumers have stronger social responsibility, they will have weaker subjective norm in the purchase of counterfeit brands.
		H2d	As consumers have stronger social responsibility, they will have greater perceived control over the purchase of counterfeit brands.
	Integrity	H2e	As consumers have stronger integrity, they will have weaker subjective norm in the purchase of counterfeit brands.
		H2f	As consumers have stronger integrity, they will have greater perceived control over the purchase of counterfeit brands.
Attitude toward purchase of Counterfeit brands		H3a	As consumers have more positive attitudes toward the purchase of counterfeit brands, they will have a higher intention to buy the brands.
		H3b	As consumers have more positive attitudes toward the purchase of counterfeit brands, they will have a lower intention to buy the original brands.
Subjective Norm		H3c	As consumers have stronger subjective norm toward the purchase of counterfeit brands, they will have a higher intention to buy the brands.
Perceived Control of Behavior		H3d	As consumers have greater perceived control on purchase of a counterfeit brand, they will have a lower intention to buy the brands.
Price Sensitivity		H4a	A higher level of price sensitivity will strengthen the impact of attitudes on the intention to buy counterfeit fashion brands.
		H4b	A higher level of price sensitivity will weaken the impact of attitudes on the intention to buy original fashion brands.

Table 3. Frequency of Luxury Brand and Product Type

Luxury Brand	Frequency (n=500)	Percentage
Burberry	53	11%
Christian Dior	39	8%
Dolce & Gabbana	45	9%
Fendi	13	3%
Gucci	77	15%
Hermes	17	3%
Kate Spade	91	18%
Louis Vuitton	68	14%
Marc Jacobs	51	10%
Prada	46	9%

Product Type	Frequency (n=500)	Percentage
Handbag	344	69%
Wallet	156	31%

Table 4. Demographic Characteristics of the Respondents

Demographics		Frequency (n=479)	Percentage
Gender	Female	399	83.3%
	Male	80	16.7%
Age	18-30	124	25.9%
	31-40	107	22.3%
	41-50	89	18.6%
	51-60	95	19.8%
	61-70	45	9.4%
	71-80	14	2.9%
	81+	5	1%
Income	Less than $30,000	48	10%
	$30,000-49,000	86	18%
	$50,000-69,000	101	21.1%
	$70,000-89,000	73	15.2%
	$90,000-109,000	69	14.4%
	$110,000-129,000	32	6.7%
	$130,000 +	70	14.6%
Education	High school or less	32	6.7%
	Some college	99	20.7%
	Associate degree (community college, technical school, two-year college	53	11.1%
	Bachelor's degree	169	35.3%
	Graduate degree (master's, doctoral)	124	25.9%
	Other	2	0.4%
Marital Status	Single, never married	107	22.3%
	Married	284	59.3%
	Separated, divorced, or widowed	59	12.3%
	Single, living with significant other	29	6.1%
Ethnicity	African American	13	2.7%
	Caucasian/ White	399	83.3%
	Hispanic	13	2.7%
	Native American	1	0.2%
	Asian or Pacific Islander	37	7.7%
	Other	16	3.3%
Work Status	Full-time or part-time	317	66.2%
	Unemployed	90	18.8%
	Retired	72	15%

Table 5: Scale items

Variable	Code	Items	Reliability	Source
Social Conformity	SC1 SC2 SC3 SC4	• I actively avoid wearing clothes that are not in style. • I tend to pay attention to what others are wearing. • It's important to me to fit into the group I'm with. • I usually keep up with clothing style changes by watching what others wear.	.85	Bearden & Rose (1990)
Status Seeking	S1 S2 S3 S4 S5	• I would buy a product just because it has status. • I am interested in new products with status. • I would pay more for a product if it had status. • The status of a product is irrelevant to me (negatively worded). • A product is more valuable to me if it has more snob appeal.	.89	Eastman et al. (1999)
Fashion Consciousness	FC1 FC2 FC3 FC4 FC5	• Fashionable, attractive styling is very important to me. • I keep my wardrobe up-to-date with the changing fashions. • I usually have one or more outfits of the very new style • To get variety, I shop different stores and choose different brands. • It's fun to buy something new and exciting.	.74	Sproles & Kendall (1986)
Price-quality Perception	PQ1 PQ2 PQ3 PQ4	• Generally speaking, the higher the price of a product, the higher the quality. • The old saying "you get what you pay for" is generally true. • The price of a product is a good indicator of its quality. • You always have to pay a bit more for the best.	.78	Lichtenstein et al. (1993)
Integrity	I1 I2 I3 I4	• I consider honesty as an important quality for one's character. • I consider very important that people be polite. • I admire responsible people. • I like people that have self-control.	.78	Vinson et al. (1977)
Ethical Value	EV1 EV2 EV3 EV4 EV5 EV6 EV7 EV8 EV9 EV10 EV11	*Actively benefiting from illegal activity* • Changing price-tags on merchandise in a store. • Drinking a can of soda in a store without paying for it. • Giving misleading price information to a clerk for an unpriced item. • Taking an ashtray or other 'souvenir' from a hotel or restaurant. • Not telling the truth when negotiating the price of a new automobile. *Actively benefiting from questionable activity* • Getting too much change and not saying anything. • Not saying anything when the waitress miscalculates the bill in your favor. • Recording an album instead of buying it. • Returning damaged merchandise when the damage was your fault. • Using computer software or games you did not buy. • Lying about a child's age to get a lower price (e.g., airline fare).	.80 .80	Muncy & Vitell (1992)

Table 5: Scale items (*continued*)

Variable	Code	Items	Reliability	Source
Socially Responsibility	SR1 SR2 SR3 SR4 SR5 SR6 SR7 SR8	• I do not buy brands which use advertising that depicts minority groups in a negative way. • I do not buy brands that discriminate against minorities. • I do not buy brands that have investments in South Africa. • In the past, I have not purchased a brand because its advertising depicted women in a negative way. • I will not buy a brand that uses deceptive advertising. • I do not buy brands involved in a labor dispute. • I do not buy table grapes because of the condition under which the workers who pick them must live. • I try to purchase brands that make donations to charity.	.86	Roberts (1995)
Price Sensitivity	PS1 PS2 PS3 PS4 PS5 PS6	• In general, the price or cost of buying this product category is important to me. • I know that a new kind of style in this product category is likely to be more expensive than older ones, but that does not matter to me. • I am less willing to buy this product category if I think that it will be high in price. • I don't mind paying more to try out a new style of this product category. • This product is worth paying a lot of money. • I don't mind spending a lot of money to buy this product category.	.88	Goldsmith et al.(2003)
Attitude toward Counterfeit brands	A1 A2 A3 A4 A5	• Good-Bad • Pleasant -Unpleasant • Foolish-Wise • Useful -Useless • Unattractive-Attractive	.81	Beck & Ajzen (1991)
Subjective Norm	SN1 SN2 SN3	• If I bought *a replica branded product*, most of the people who are important to me would (approve/disapprove). • No one who is important to me thinks it is OK to buy *a replica branded product*. • Most people who are important to me will look down on me if I buy *a replica branded product.*	.81	
Perceived Control of Behavior	PCB1 PCB2 PCB3	• For me to buy *a replica branded product* is(easy/difficult). • If I want to, I can buy *a replica branded product* even if I hadn't planned to. • Even if I had a good reason, I could not bring myself to buy *a replica branded product.*	.66	
Behavioral Intention	BI1,2 BI3,4 BI5,6	• If I had the opportunity, I would buy *a replica branded product*. • I would never buy *a replica branded product*. • I may buy *a replica branded product* in the future.	.87	

Table 6. 1st Content Validity Testing

Construct	Initial Item	Revised Item
Social Conformity	• I actively avoid wearing clothes that are not in style. • I tend to pay what others are wearing. • I usually keep up with clothing style changes by watching what others wear.	• I actively avoid wearing brands that are not in style. • I tend to pay attention to brands that others are wearing. • I usually keep up with changing styles of the brands by watching what others wear.
Status Seeking	• I would buy a product just because it has status. • I am interested in new products with status. • I would pay more for a product if it had status. • The status of a product is irrelevant to me. (-) • A product is more valuable to me if it has some snob appeal.	• I would buy a brand just because it has status. • I am interested in new brands with status. • I would pay more for a brand if it had status. • The status of a brand is irrelevant to me. (-) • A brand is more valuable to me if it has more snob appeal.
Price Sensitivity	• In general, the price or cost of buying products is important to me. • I know that a new kind of product is likely to be more expensive than older ones, but that does not matter to me. • I am less willing to buy a product if I think that it will be high in price. • I don't mind paying more to try out a new product. • A really great product is worth paying a lot of money for. • I don't mind spending a lot of money to buy a product.	• In general, the price or cost of buying a (handbag/wallet) is important to me. • A new kind of style in a (handbag/wallet) is likely to me more expensive than older ones, but that does not matter to me. • I am less willing to buy a (handbag/wallet) if I think that it will be high in price. • I don't mind paying more to try out a new style of (handbag/wallet). • A (handbag/wallet) is worth paying a lot of money. • I don't mind spending a lot of money to buy a (handbag/wallet).
Price/Quality Schema	• You always have to pay a bit more for the best.	• I always have to pay a bit more for the best.
Attitude	• Good-Bad • Pleasant-Unpleasant • Foolish-Wise • Useful-Useless • Unattractive-Attractive	Buying a replica branded product is… • Good • Pleasant • Wise • Useful • Attractive
Subjective Norm	• If I cheated on a test or exam, most of the people who are important to me would… • No one who is important to me thinks it is OK to cheat on a test or exam. • Most people who are important to me will look down on me if I cheat on a test or exam.	• If I bought a replica branded product, most people who are important to me would… • No one who is important to me think it is OK to purchase a replica branded product. Most people who are important to me will look down on me if I purchase a replica branded product.
Perceived Control of Behavior	• For me to cheat on a test or exam is ... • If I want to, I can cheat on a test or exam even if I had not planned to. • Even if I had a good reason, I could not bring myself to cheat on a test or exam.	• For me to but a replica branded product is … • If I want to, I can buy a replica branded product even if I had not planned to. • Even if I had a good reason, I could not bring myself to buy a replica branded product
Behavioral Intentions	• If I had the opportunity, I would cheat on the test or exam. • I would never cheat of a test or exam. • I may cheat on a test or exam in the future.	• If I had an opportunity, I would buy a replica branded product in the future. • I would never buy a replica branded product in the future. • I may buy a replica branded product in the future.

Table 7. 2nd Content Validity Testing

Construct	Initial Item	Revised Item
Perceived Control of Behavior	• Even if I had a good reason, I could not bring myself to buy a replica branded product.	• Even if I had a good reason, I would not buy a replica branded product.

Table 8. Pre-Test: Reliabilities of the constructs

Construct	Number of Items	Cronbach's Alpha Coefficients
Social Conformity	4	.698
Status Seeking	5	.846
Fashion Consciousness	5	.835
Price-Quality Schema	4	.343
Ethical value	11	.892
Social Responsibility	8	.855
Integrity	4	.710
Price Sensitivity	6	.583
Attitude	5	.877
Subjective Norm	3	.787
Perceived Control of Behavior	3	.766
Behavioral Intention to buy a Counterfeit brand	3	.888
Behavioral Intention to buy an Original brand	3	.700

Table 9. Pre-Test: Reliabilities if item deleted

Construct/Item	Code	Reliability if item deleted
Price-Quality schema		
Generally speaking, the higher the price of the fashion products, the higher the quality	PQ1	.247
The old saying "You get what you pay for" is generally true	PQ2	.667
The price of a fashion brand is a good indicator of its quality	PQ3	.219
I always have to pay a bit more for the best	PQ4	.282
Price Sensitivity		
In general, the price or cost of buying this product type is important to me.	PS1	.649
I know that a new kind of style in this product type is likely to be more expensive than older ones, but that does not matter to me.	PS2	.742
I am less willing to buy this product type if I think that it will be high in price.	PS3	.764
I don't mind paying more to try out a new style of this product type.	PS4	.687
This product type is worth paying a lot of money.	PS5	.676
I don't mind spending a lot of money to buy this product type.	PS6	.673

Table 10. Summary of Final Measures

Construct	Measures
Social Conformity	**SC1:** I actively avoid wearing brands that are not in style.
	SC2: I tend to pay attention to brands that others are wearing.
	SC3: It's important to me to fit into the group I'm with.
	SC4: I usually keep up with the changing styles of brands by watching what others wear.
Status Seeking	**S1:** I would buy a brand just because it has status.
	S2: I am interested in new brand s with status.
	S3: I would pay more for a brand if it had status.
	S4*: The status of a brand is irrelevant to me (negatively worded).
	S5: A brand is more valuable to me if it has more snob appeal.
Fashion Consciousness	**FC1:** Fashionable, attractive styling is very important to me
	FC2: I keep my wardrobe up-to-date with the changing fashions.
	FC3: I usually have one or more outfits of the very new style
	FC4: To get variety, I shop different stores and choose different brands.
	FC5: It's fun to buy something new and exciting.
Price-Quality Schema	**PQ1:** Generally speaking, the higher the price of a product, the higher the quality.
	PQ2: The old saying "you get what you pay for" is generally true.
	PQ3: The price of a product is a good indicator of its quality.
	PQ4: I always have to pay a bit more for the best.
Ethical Value	***Actively benefiting from illegal activity***
	EV1*: Changing price-tags on merchandise in a store.
	EV2*: Drinking a can of soda in a store without paying for it.
	EV3*: Giving misleading price information to a clerk for an unpriced item.
	EV4*: Taking an ashtray or other 'souvenir' from a hotel or restaurant.
	EV5*: Not telling the truth when negotiating the price of a new automobile
	Passively benefiting from questionable activity
	EV6*: Getting too much change and not saying anything.
	EV7*: Not saying anything when the waitress miscalculates the bill in your favor.
	EV8*: Recording an album instead of buying it.
	EV9*: Returning damaged merchandise when the damage was your fault.
	EV10*: Using computer software or games you did not buy.
	EV11*: Lying about a child's age to get a lower price (e.g., airline fare).

* The item is reverse scored.

Table 10. Summary of Final Measures (*Continued*)

Construct	Measures
Social Responsibility	**SR1:** I do not buy brands which use advertising that depicts minority groups in a negative way. **SR2:** I do not buy brands that discriminate against minorities. **SR3:** I do not buy brands that have investments in South Africa. **SR4:** In the past, I have not purchased a brand because its advertising depicted women in a negative way. **SR5:** I will not buy a brand that uses deceptive advertising. **SR6:** I do not buy brands involved in a labor dispute. **SR7:** I do not buy table grapes because of the condition under which the workers who pick them must live. **SR8:** I try to purchase brands that make donations to charity.
Integrity	**I1:** I consider honesty as an important quality for one's character. **I2:** I consider very important that people be polite. **I3:** I admire responsible people. **I4:** I like people that have self-control.
Price Sensitivity	**PS1:** In general, the price or cost of buying this product category is important to me. **PS2*:** A new kind of style in this product category is likely to be more expensive than older ones, but that does not matter to me. **PS3:** I am less willing to buy this product category if I think that it will be high in price. **PS4*:** I don't mind paying more to try out a new style of this product category. **PS5*:** This product is worth paying a lot of money. **PS6*:** I don't mind spending a lot of money to buy this product category.
Attitude	**Buying a *replica branded product* is…** **A1:** Good **A2:** Pleasant **A3:** Wise **A4:** Useful **A5:** Attractive
Subjective Norm	**SN1*:** If I bought *a replica branded product*, most of the people who are important to me would. SN2: No one who is important to me thinks it is OK to buy *a replica branded product.* SN3: Most people who are important to me will look down on me if I buy *a replica branded product*.

* The item is reverse scored.

Table 10. Summary of Final Measures (*Continued*)

Construct	Measures
Perceived Control of Behavior	**PCB1:** For me to buy *a replica branded product* is (easy/ difficult).
	PCB2*: If I want to, I can buy *a replica branded product* even if I hadn't planned to.
	PCB3: Even if I had a good reason, I could not bring myself to buy *a replica branded product*.
Behavioral Intention (counterfeit)	**BI1:** If I had the opportunity, I would buy *a replica branded product*.
	BI3*: I would never buy *a replica branded product*.
	BI5: I may buy *a replica branded product* in the future.
Behavioral Intention (original)	**BI2:** If I had the opportunity, I would buy *an original branded product*.
	BI4*: I would never buy *an original branded product*.
	BI6: I may buy *an original branded product* in the future.

* The item is reverse scored.

Table 11. Mahalanobis distance (observations farthest from the centroid)

Observation number	Mahalanobis d-squared	p1	p2
299	108.504	.000	.000
328	100.839	.000	.000
125	94.376	.000	.000
314	90.484	.000	.000
78	89.205	.000	.000
392	89.296	.000	.000
253	86.741	.000	.000
133	83.941	.000	.000
499	83.184	.000	.000
171	82.716	.000	.000
300	81.994	.000	.000
423	81.593	.000	.000
129	81.184	.000	.000
330	80.999	.000	.000
122	79.995	.000	.000
39	79.737	.000	.000
460	79.126	.000	.000
370	78.509	.000	.000
470	78.431	.000	.000
117	78.204	.000	.000
80	77.888	.000	.000
85	77.344	.001	.000
86	77.023	.001	.000
313	76.605	.001	.000
261	75.475	.001	.000
322	75.160	.001	.000
235	74.623	.001	.000
483	74.517	.001	.000
212	71.981	.002	.000
149	71.626	.002	.000
277	71.432	.002	.000
203	71.424	.002	.000
209	71.381	.002	.000
403	70.884	.003	.000
240	70.789	.003	.000
175	69.704	.003	.000
69	69.410	.004	.000
100	69.183	.004	.000
140	68.300	.005	.000
226	67.671	.005	.000
262	67.586	.006	.000
223	67.213	.006	.000
48	67.177	.006	.000
159	66.848	.007	.000
78	66.775	.007	.000
43	66.255	.008	.000

Observation number	Mahalanobis d-squared	p1	p2
254	66.219	.008	.000
407	66.127	.008	.000
318	65.806	.008	.000
174	65.531	.009	.000
128	65.437	.009	.000
394	65.077	.010	.000
332	65.062	.010	.000
65	65.011	.010	.000
260	64.691	.011	.000
476	64.658	.011	.000
198	64.168	.012	.000
427	63.438	.014	.000
101	63.042	.015	.000
16	62.771	.016	.000
289	62.372	.017	.000
59	62.262	.018	.000
30	62.117	.018	.000
214	62.080	.018	.000
153	61.832	.019	.000
210	61.795	.019	.000
298	61.522	.021	.000
250	61.422	.021	.000
230	61.402	.021	.000
45	61.294	.022	.000
433	61.228	.022	.000
281	61.129	.022	.000
2	61.097	.022	.000
90	60.311	.026	.000
121	60.272	.026	.000
449	59.967	.028	.000
142	59.613	.030	.000
319	59.604	.030	.000
31	59.192	.033	.000
395	59.057	.034	.000
401	58.976	.034	.000
329	58.863	.035	.000
361	58.668	.036	.000
103	58.657	.036	.000
336	58.557	.037	.000
167	58.414	.038	.000
17	58.225	.039	.000
61	58.183	.040	.000
385	58.100	.040	.000
457	57.945	.042	.000
55	57.891	.042	.000
445	57.623	.044	.000
105	57.572	.045	.000

Observation number	Mahalanobis d-squared	p1	p2
404	57.458	.045	.000
468	57.292	.047	.000
396	57.264	.047	.000
340	57.138	.048	.000
213	57.137	.048	.000
40	57.040	.049	.000
49	56.776	.052	.000
381	56.367	.056	.000
276	55.864	.061	.000
463	55.781	.062	.000
269	55.550	.064	.000
271	55.373	.066	.000

Table 12. Descriptive Statistics of Measurement Items

Construct	Item	Min	Max	Mean	STD	Skew	Kurtosis
Social Conformity	SC1	1	7	3.10	1.546	.533	.329
	SC2	1	7	3.11	1.646	.475	-.639
	SC3	1	7	3.84	1.543	-.007	-.795
	SC4	1	7	3.98	1.624	-.086	-.832
Status Seeking	S1	1	7	3.49	1.972	.258	-1.193
	S2	1	7	3.16	1.587	.273	-.836
	S3	1	7	3.13	1.771	.540	-.703
	S4	1	7	3.43	1.721	.142	-1.069
	S5	1	7	2.92	1.981	.661	-.904
Fashion Consciousness	FC1	1	7	5.05	1.495	-.537	-.222
	FC2	1	7	3.80	1.575	-.021	-.626
	FC3	1	7	3.45	1.753	.264	-.917
	FC4	1	7	5.30	1.489	-.754	-.092
	FC5	1	7	5.89	1.155	-1.141	1.314
Price-Quality Schema	PQ1	1	7	3.54	1.446	-.077	-.808
	PQ2	1	7	4.94	1.370	-.499	-.029
	PQ3	1	7	3.67	1.506	-.021	-.610
	PQ4	1	7	3.51	1.644	.124	-.891
Ethical Value	Eth1	1	7	6.77	.920	-4.858	24.313
	Eth2	1	7	6.78	.773	-5.018	28.688
	Eth3	1	7	6.63	.881	-3.363	13.873
	Eth4	1	7	5.99	1.404	-1.507	3.587
	Eth5	1	7	5.57	1.803	-1.096	3.073
	Eth6	1	7	5.91	1.372	-1.280	1.115
	Eth7	1	7	6.13	1.351	-1.652	2.171
	Eth8	1	7	5.50	1.765	-1.020	-.019
	Eth9	1	7	6.00	1.308	-1.423	1.707
	Eth10	1	7	5.81	1.535	-1.345	1.152
	Eth11	1	7	5.99	1.460	-1.527	1.568
Integrity	I1	1	7	5.96	1.261	-1.029	.422
	I2	1	7	5.94	1.143	-.821	-.126
	I3	1	7	5.89	1.197	-.994	.596
	I4	1	7	5.84	1.175	-.951	.889

Table 12. Descriptive Statistics of Measurement Items (C*ontinued*)

Construct	Item	Min	Max	Mean	STD	Skew	Kurtosis
Social Responsibility	SR1	1	7	5.16	1.614	-.627	-.343
	SR2	1	7	5.18	1.572	-.590	-.432
	SR3	1	7	3.09	1.636	.396	-.516
	SR4	1	7	4.15	1.870	-.102	-.987
	SR5	1	7	5.29	1.494	-.688	-.197
	SR6	1	7	4.20	1.491	.034	-.286
	SR7	1	7	3.07	1.613	.456	-.448
	SR8	1	7	4.62	1.491	-.316	-.359
Price Sensitivity	PS1	1	7	5.13	1.720	-.816	-.140
	PS2	1	7	4.67	1.807	-.378	-.836
	PS3	1	7	4.77	1.912	-.545	-.857
	PS4	1	7	5.34	1.582	-.730	-.350
	PS5	1	7	5.19	1.698	-.686	-.480
	PS6	1	7	5.21	1.742	-.679	-.680
Attitude	A1	1	7	3.25	1.917	.378	-1.018
	A2	1	7	3.30	1.910	.282	-1.108
	A3	1	7	3.33	2.005	.295	-1.165
	A4	1	7	3.76	2.029	-.025	-1.270
	A5	1	7	3.68	2.021	.048	-1.267
Subjective Norm	SN1	1	7	4.26	1.790	-.195	-.641
	SN2	1	7	4.43	1.947	-.231	-1.020
	SN3	1	7	4.92	1.970	-.512	-.927
Perceived Control of Behavior	PCB1	1	7	4.62	2.126	-.245	-1.386
	PCB2	1	7	4.64	2.203	-.348	-1.331
	PCB3	1	7	4.57	2.030	-.240	-1.238
Behavioral Intention (counterfeit)	BI1	1	7	2.97	2.059	.635	-.957
	BI3	1	7	3.76	2.317	.119	-1.530
	BI5	1	7	3.31	2.106	.413	-1.181
Behavioral Intention (original)	BI2	1	7	3.98	2.217	-.059	-1.407
	BI4	1	7	4.43	2.193	-.317	-1.307
	BI6	1	7	4.14	2.143	-.140	-1.296

Table 13. Each construct: Fit Statistics

Construct	Number of items	χ^2 (df)	χ^2/df[1]	CFI[2]	GFI[3]	RMSEA[4]
Social Conformity	4	2.785 (2)	1.393	.998	.997	.029
Status Seeking	5	10.810 (5)	2.162	.988	.991	.049
Fashion Consciousness	5	65.956 (5)	12.991	.919	.944	.158
Price-Quality Schema	4	2.199 (2)	1.099	.990	.998	.014
Ethical Value	6	29.052 (6)	4.842	.974	.981	.08
Social Responsibility	8	322.293 (20)	16.115	.814	.835	.178
Integrity	4	3.780 (2)	1.890	.989	.996	.043
Price Sensitivity	6	71.046 (9)	7.894	.953	.954	.120
Attitude	5	23.733 (3)	7.924	.992	.982	.120
Subjective Norm	3	-	-	-	-	.555
Perceived Control of Behavior	3	-	-	-	-	.603
Behavioral Intentions (BI) (counterfeit)	3	-	-	-	-	.814
Behavioral Intentions (BI) (original)	3	-	-	-	-	.794

[1] < 5 indicates acceptable fit level, < 2 good fit
[2] ≥ 0.80 acceptable fit, ≥ 0.90 good fit
[3] ≥ 0.80 acceptable fit, ≥ 0.90 good fit
[4] < 0.05 very good, < 0.08 acceptable, < 0.10 mediocre, ≥ 0.10 poor errors of approximation

Table 14. Each construct: Fit Statistics (Improved Model)

Construct	Eliminated Item	Number of items	χ^2 (df)	χ^2/df	CFI	GFI	RMSEA
Social Conformity	-	4	2.785 (2)	1.393	.998	.997	.029
Status Seeking	S5	4	8.422 (2)	4.211	.985	.991	.082
Fashion Consciousness	FC4, FC5	3	-	-	-	-	-
Price-Quality Schema	-	4	2.199 (2)	1.099	.990	.998	.014
Ethical Value	Eth6, Eth9	4	4.995 (1)	4.995	.994	.995	.09
Social Responsibility	SR3, SR7, SR8	5	14.521 (5)	2.904	.991	.988	.063
Integrity	-	4	3.780 (2)	1.890	,989	.996	.043
Price Sensitivity	PS1, PS3	4	19.261 (2)	9.631	.986	.981	.134
Attitude	-	5	23.733 (3)	7.924	.992	.982	.120
Subjective Norm	-	3	-	-	-	-	.555
PCB	-	3	-	-	-	-	.603
BI (counterfeit)	-	3	-	-	-	-	.814
BI (original)	-	3	-	-	-	-	.794

Table 15. Reliabilities of Constructs

Construct	Number of Items	Reliability
Social Conformity	4 (4)	.741 (.741)
Status Seeking	4 (5)	.735 (.718)
Fashion Consciousness	3 (5)	.820 (.760)
Price-Quality Schema	4 (4)	.734 (.734)
Ethical Value	4 (6)	.816 (.783)
Social Responsibility	5 (8)	.835 (.850)
Integrity	4 (4)	.636 (.636)
Price Sensitivity	4 (6)	.866 (.770)
Attitude	5 (5)	.949 (.949)
Subjective Norm	3 (3)	.795 (.795)
Perceived Control of Behavior	3 (3)	.800 (.800)
Behavioral Intentions (counterfeit)	3 (3)	.900 (.900)
Behavioral Intentions (original)	3 (3)	.901 (.901)

Note: *Values in parentheses represent those prior to model improvement*

Table 16. Correlation Matrix of Constructs

Construct	1	2	3	4	5	6	7	8	9	10	11	12	13
1. SC	1	**.958**	**.900**	.736	-.194	.081	.052	-.028	.093	-.139	.107	.442	-.486
2. SS		1	.779	.755	-.283	-.043	-.072	.018	.085	-.134	.131	.544	-.574
3.FC			1	.683	-.153	.064	.117	-.027	.115	-.124	.100	.438	-.457
4.PQ				1	-.124	.022	.097	-.017	-.065	-.043	.000	.449	-.553
5.EV					1	.198	.195	-.213	-.197	.274	-.226	-.152	.112
6.SR						1	.141	-.231	-.180	.183	-.263	.106	-.068
7.Int							1	-.067	-.006	.212	-.139	-.002	.156
8.Attd								1	.598	-.737	.737	-.168	.080
9.SN									1	-.640	.736	-.159	.087
10.PCB										1	-.874	.077	.030
11.BI c											1	-.015	.013
12.BI o												1	-.575
13. PS													1

Table 17. Correlation Matrix of Constructs (Without Social Conformity)

Construct	1	2	3	4	5	6	7	8	9	10	11	12
1. SS	**1**	.783	.755	-.282	-.043	-.070	.017	.085	-.133	.130	.541	-.574
2.FC		**1**	.690	-.151	.066	.121	-.027	.112	-.124	.102	.440	-.462
3.PQ			**1**	-.124	.021	.097	-.017	-.065	-.044	.000	.448	-.555
4.EV				**1**	.198	.196	-.213	-.197	.274	-.226	-.152	.112
5.SR					**1**	.140	-.231	-.179	.183	-.263	.104	-.067
6.Int						**1**	-.065	-.005	.210	-.139	-.002	.156
7.Attd							**1**	.598	-.737	.737	-.166	.080
8.SN								**1**	-.640	.736	-.157	.087
9.PCB									**1**	-.875	.075	.030
10.BI c										**1**	-.015	.013
11.BI o											**1**	-.575
12. PS												**1**

Table 18. Modifications to improve the fit of the Measurement Model

Construct	Modification
Ethical Value	Correlated error variance • Eth 7 and Eth 10 (MI = 10.108) • Eth 7 and Eth 11 (MI = 26.740)
Attitude	Correlated error variance • A1 and A3 (MI = 13.043) • A1 and A4 (MI = 15.393) • A1 and A5 (MI = 12.097) • A3 and A5 (MI = 22.503) • A4 and A5 (MI = 42.810)
Price-Quality Schema	Correlated error variance • PQ 3 and PQ 1 (MI = 21.043) • PQ 3 and PQ 4 (MI = 11.991)
Fashion Consciousness	Correlated error variance • FC1 and FC3 (MI = 10.699)

Table 19. Construct Validity of the Final Measurement Model

Construct	1	2	3	4	5	6	7	8	9	10	11	12
1. SS	**.72**											
2. FC	.60	**.79**										
3. PQ	.57	.48	**.71**									
4. EV	.07	.02	.01	**.81**								
5. SR	.00	.00	.00	.03	**.86**							
6. Int	.01	.01	.00	.03	.01	**.57**						
7. Attd	.00	.00	.00	.04	.05	.00	**.96**					
8. SN	.00	.01	.0	.03	.03	.00	.36	**.76**				
9. PCB	.01	.01	.00	.07	.03	.04	.54	.41	**.78**			
10. BI c	.01	.01	.00	.05	.06	.01	.54	.54	.76	**.89**		
11. BI o	.02	.02	.02	.02	.01	.00	.02	.02	.00	.00	**.89**	
12. PS	.33	.21	.31	.01	.00	.02	.00	.00	.00	.00	.33	**.87**

Diagonal entries show the square-root of average variance extracted by the construct.
Off-diagonal entries represent the variance shared (squared correlation) between constructs.

Table 20. Final Measurement Model: Factor Loadings and Composite Reliability

Construct	Scale Items	Factor Loading	t-value	Cronbach's α (Composite Reliability)
Status Seeking	**S1**:I would buy a brand just because it has status.	.510	-	.735 (.807)
	S2: I am interested in new brand s with status.	.863	11.143***	
	S3: I would pay more for a brand if it had status.	.624	9.636	
	S4*: The status of a brand is irrelevant to me (negatively worded).	.583	9.258***	
Fashion Consciousness	**FC1:** Fashionable, attractive styling is very important to me	.636	14.549***	.82 (.835)
	FC2: I keep my wardrobe up-to-date with the changing fashions.	.845	-	
	FC3: I usually have one or more outfits of the very new style	.861	20.842***	
Price-Quality Schema	**PQ1:** Generally speaking, the higher the price of a product, the higher the quality.	.709	13.547***	.734 (.803)
	PQ2: The old saying "you get what you pay for" is generally true.	.424	8.344***	
	PQ3: The price of a product is a good indicator of its quality.	.696	13.331***	
	PQ4: I always have to pay a bit more for the best.	.725	-	
Ethical Value	**EV7*:** Not saying anything when the waitress miscalculates the bill in your favor.	.553	10.944***	.816 (.882)
	EV8*: Recording an album instead of buying it.	.830	13.863***	
	EV10*: Using computer software or games you did not buy.	.861	13.843***	
	EV11*: Lying about a child's age to get a lower price (e.g., airline fare).	.639	-	
Social Responsibility	**SR1:** I do not buy brands which use advertising that depicts minority groups in a negative way.	.894	-	.835 (.946)
	SR2: I do not buy brands that discriminate against minorities.	.866	23.266***	
	SR4: In the past, I have not purchased a brand because its advertising depicted women in a negative way.	.599	14.114***	
	SR5: I will not buy a brand that uses deceptive advertising.	.545	12.537***	
	SR6: I do not buy brands involved in a labor dispute.	.675	16.565***	
Integrity	**I1:** I consider honesty as an important quality for one's character.	.492	-	.636 (.711)
	I2: I consider very important that people be polite.	.453	6.059***	
	I3: I admire responsible people.	.473	6.201***	
	I4: I like people that have self-control.	.630	6.750***	

Table 20. Final Measurement Model: Factor Loadings, Composite Reliability

Construct	Scale Items	Factor Loading	t-value	Cronbach's α (Composite Reliability)
Price Sensitivity	**PS2*:** A new kind of style in this product category is likely to be more expensive than older ones, but that does not matter to me.	.519	-	.866 (.926)
	PS4*: I don't mind paying more to try out a new style of this product category.	.862	11.996***	
	PS5*: This product is worth paying a lot of money.	.883	12.115***	
	PS6*: I don't mind spending a lot of money to buy this product category.	.922	12.300***	
Attitude	**Buying a *replica branded product* is…**			.949 (.984)
	A1: Good	.906	-	
	A2: Pleasant	.921	33.303***	
	A3: Wise	.888	30.242***	
	A4: Useful	.879	29.494***	
	A5: Attractive	.878	29.439***	
Subjective Norm	**SN1*:** If I bought *a replica branded product*, most of the people who are important to me would (approve/disapprove).	.824	-	.795 (.805)
	SN2: No one who is important to me thinks it is OK to buy *a replica branded product*.	.703	15.067***	
	SN3: Most people who are important to me will look down on me if I buy *a replica branded product*.	.726	15.579***	
Perceived Control of Behavior	**PCB1:** For me to buy *a replica branded product* is (easy/ difficult).	.819	-	.800 (.818)
	PCB2*: If I want to, I can buy *a replica branded product* even if I hadn't planned to.	.667	15.380***	
	PCB3: Even if I had a good reason, I could not bring myself to buy *a replica branded product*.	.840	20.508***	
Behavioral Intention (counterfeit)	**BI1:** If I had the opportunity, I would buy *a replica branded product*.	.888	-	.900 (.919)
	BI3*: I would never buy *a replica branded product*.	.892	27.899***	
	BI5: I may buy *a replica branded product* in the future.	.846	25.167***	
Behavioral Intention (original)	**BI2:** If I had the opportunity, I would buy *an original branded product*.	.897	-	901 (.919)
	BI4*: I would never buy *an original branded product*.	.842	24.049***	
	BI6: I may buy *an original branded product* in the future.	.865	25.077***	
Fit Statistics χ^2 (df) = 1573.124*** (877) ; χ^2/df = 1.794; CFI = .944; RMSEA = .041; GFI = .871				

*** *Significant at p< .001* ; * The item is reverse scored.

Table 21. Structural Model: Hypotheses Testing and Fit Statistics

Hypothesis		Structural Path	Standardized Regression Weight	Standard Error	t-value	Result
H1	$H1a_{new}$ (+)	Status seeking → Attitude	.623	.222	2.806**	Supported
	$H1b_{new}$ (+)	Status seeking → Subjective Norm	.074	.079	.934*	Not supported
	$H1c_{new}$ (+)	Fashion consciousness →Attitude	-.275	.136	-.2.019**	Not Supported
	$H1d_{new}$ (-)	Price-quality → Attitude	-.255	.154	-1.659*	Not Supported
H2	H2a (-)	Ethical value → Subjective Norm	-.239	.087	-2.742**	Supported
	H2b (+)	Ethical value → Perceived Control of behavior	.438	.101	4.329***	Supported
	H2c (-)	Social responsibility → Subjective Norm	-.159	.053	-2.993**	Supported
	H2d (+)	Social responsibility → Perceived Control of Behavior	.175	.067	2.728**	Supported
	H2e (-)	Integrity → Subjective Norm	.016	.150	.107	Not Supported
	H2f (+)	Integrity → Perceived Control of Behavior	.424	.188	2.256**	Supported
H3	H3a (+)	Attitude → Behavioral intentions to purchase a counterfeit brand	.272	.030	9.025***	Supported
	H3b (-)	Attitude → Behavioral intention to purchase an original brand	-.175	.055	-3.197***	Supported
	H3c (+)	Subjective norm → Behavioral intention to purchase a counterfeit brand	.386	.044	8.846***	Supported
	H3d (-)	Perceived control of behavior → Behavioral intention to purchase a counterfeit brand	-.555	.038	-14.744** *	Supported
Fit Statistics						
χ^2 (*df*)			1974.039 (748)			
χ^2 / *df*			2.639			
CFI			.925			
GFI			.835			
RMSEA			.059			

*** *p*-value < 0.001
** *p*-value between 0.001 and 0.1
* *p*-value between 0.1 and 0.5

Table 22. Moderating Effects of Price Sensitivity (H4)

Hypothesis		Structural Path	Standardized Regression Weight		χ^2 differences ($\Delta\chi^2$) (*df= 1*)	Result
			High Group	Low Group		
H4	H4a	Attitude to purchase counterfeit brands → Intentions to purchase counterfeit brands	.167***	.515***	13.535***	Not Supported
	H4b	Attitude to purchase counterfeit brands → Intentions to purchase original brands	-.142**	-.165**	1.508	Not Supported

***significant at $p < .000$, **significant at $p < .05$

APPENDICES

Appendix A: Scale Items

Variable	Code	Items	Reliability	Source
Social Conformity	SC1 SC2 SC3 SC4	• I actively avoid wearing brands that are not in style. • I tend to pay attention to brands that others are wearing. • It's important to me to fit into the group I'm with. • I usually keep up with the changing style of brands by watching what others wear.	.85	Bearden & Rose (1990)
Status Seeking	S1 S2 S3 S4 S5	• I would buy a brand just because it has status. • I am interested in new brands with status. • I would pay more for a brand if it had status. • The status of a brand is irrelevant to me (negatively worded). • A brand is more valuable to me if it has more snob appeal.	.89	Eastman et al. (1999)
Fashion Consciousness	FC1 FC2 FC3 FC4 FC5	• Fashionable, attractive styling is very important to me. • I keep my wardrobe up-to-date with the changing fashions. • I usually have one or more outfits of the very new style • To get variety, I shop different stores and choose different brands. • It's fun to buy something new and exciting.	.74	CSI Inventory scale Sproles & Kendall (1986)
Price-quality Perception	PQ1 PQ2 PQ3 PQ4	• Generally speaking, the higher the price of a product, the higher the quality. • The old saying "you get what you pay for" is generally true. • The price of a product is a good indicator of its quality. • You always have to pay a bit more for the best.	.78	(Garretson & Burton, 2003) adapted from (Lichtenstein et al., 1993)
Integrity	I1 I2 I3 I4	• I consider honesty as an important quality for one's character. • I consider very important that people be polite. • I admire responsible people. • I like people that have self-control.	.78	Rokeach (1973)
Ethical Value	EV1 EV2 EV3 EV4 EV5 EV6 EV7 EV8 EV9 EV10 EV11	*Actively benefiting from illegal activity* • Changing price-tags on merchandise in a store. • Drinking a can of soda in a store without paying for it. • Giving misleading price information to a clerk for an unpriced item. • Taking an ashtray or other 'souvenir' from a hotel or restaurant. • Not telling the truth when negotiating the price of a new automobile. *Actively benefiting from questionable activity* • Getting too much change and not saying anything. • Not saying anything when the waitress miscalculates the bill in your favor. • Recording an album instead of buying it. • Returning damaged merchandise when the damage was your fault.	.80 .80	Muncy & Vitell (1992)

		• Using computer software or games you did not buy. • Lying about a child's age to get a lower price (e.g., airline fare).		
Socially Responsibility	SR1 SR2 SR3 SR4 SR5 SR6 SR7 SR8	• I do not buy brands which use advertising that depicts minority groups in a negative way. • I do not buy brands that discriminate against minorities. • I do not buy brands that have investments in South Africa. • In the past, I have not purchased a brand because its advertising depicted women in a negative way. • I will not buy a brand that uses deceptive advertising. • I do not buy brands involved in a labor dispute. • I do not buy table grapes because of the condition under which the workers who pick them must live. • I try to purchase brands that make donations to charity.	.86	Roberts (1995)
Price Sensitivity	PS1 PS2 PS3 PS4 PS5 PS6	• In general, the price or cost of buying this product category is important to me. • I know that a new kind of style in this product category is likely to be more expensive than older ones, but that does not matter to me. • I am less willing to buy this product category if I think that it will be high in price. • I don't mind paying more to try out a new style of this product category. • This product is worth paying a lot of money. • I don't mind spending a lot of money to buy this product category.	.88	Goldsmith et al. (2003)
Attitude toward Counterfeit brands	A1 A2 A3 A4 A5	• Bad-Good • Unpleasant-Pleasant • Foolish-Wise • Useless-Useful • Unattractive-Attractive	.81	Beck & Ajzen (1991)
Subjective Norm	SN1 SN2 SN3	• If I bought *a replica branded product*, most of the people who are important to me would (approve-------disapprove). • No one who is important to me thinks it is OK to buy *a replica branded product* (agree--------disagree). • Most people who are important to me will look down on me if I buy *a replica branded product* (likely------unlikely)	.81	
Perceived Control of Behavior	PCB3 PCB1 PCB2	• For me to buy *a replica branded product* is (easy-------difficult). • If I want to, I can buy *a replica branded product* even if I hadn't planned to. (likely-------unlikely). • Even if I had a good reason, I could not bring myself to buy *a replica branded product* (likely-------unlikely).	.66	
Behavioral Intention	BI1,2 BI3,4 BI5,6	• If I had the opportunity, I would buy *a replica branded product* (unlikely------likely). • I would never buy *a replica branded product* (false-------true). • I may buy *a replica branded product* in the future (false------true).	.87	

Appendix B: Survey Instrument

Dear participant,

Welcome to the survey! I thank you in advance for your participation in this survey. This survey is about consumer orientation and purchase behavior. The survey will take about 10 minutes to complete. Your participation in this study is completely voluntary and anonymous. You may decline to participate at anytime without penalty or loss of benefits to which you are otherwise entitled. In that case, your incomplete survey will be destroyed. Return of completed survey will constitute your consent to participate. All the information you provide in this survey will remain completely confidential.

In the sections to follow, you will be asked to complete a series of questions about you as a consumer followed by sections that will be asked specific to your thoughts and feelings toward buying clothing or accessory brands in study, **REPLICA luxury brand refers to the high quality look-alike luxury brand sold at significantly lower price**.

Should you have any questions at any time about the study or the procedures, you may get in touch with me. I can be reached at 865-974-1848 or 1215 W Cumberland Avenue, JHB 223 C, University of Tennessee. If you have any questions about your rights as a participant, please feel free to contact the research Compliance Service section of the Office of Research at (865) 974-3466.

Thanking You.

Respectfully,

Vertica Bhardwaj
Ph.D Candidate
Retail, Hospitality, & Tourism Management
The University of Tennessee, Knoxville
Email: vbhardwa@utk.edu

Youn-Kyung Kim, Ph.D
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Section 1. CONSUMER ORIENTATION

The following statements are regarding your **PERSONAL CHARACTERISTICS** as a consumer. Please **circle** the number that indicates your level of **disagreement** or **agreement** with the following statements.

	Strongly Disagree						Strongly Agree
I would buy a brand just because it has status	1	2	3	4	5	6	7
Fashionable, attractive styling is very important to me	1	2	3	4	5	6	7
The price of a fashion brand is a good indicator of its quality	1	2	3	4	5	6	7
To get variety, I shop different stores and choose different brands	1	2	3	4	5	6	7
I consider honesty as an important quality for one's character	1	2	3	4	5	6	7
It's important to me to fit into the group I'm with	1	2	3	4	5	6	7
I admire responsible people	1	2	3	4	5	6	7
I usually keep up with the changing styles of the brands by watching what others wear	1	2	3	4	5	6	7
A brand is more valuable to me if it has more snob appeal	1	2	3	4	5	6	7
I tend to pay attention to brands that others are wearing	1	2	3	4	5	6	7
I keep my wardrobe up-to-date with the changing fashions	1	2	3	4	5	6	7
The old saying "you get what you pay for" is generally true	1	2	3	4	5	6	7
I consider very important that people be polite	1	2	3	4	5	6	7
It's fun to buy something new and exciting	1	2	3	4	5	6	7
The status of a brand is irrelevant to me	1	2	3	4	5	6	7
Generally speaking, the higher the price of the fashion products, the higher the quality	1	2	3	4	5	6	7
I actively avoid wearing brands that are not in style	1	2	3	4	5	6	7
I am interested in new brands with status	1	2	3	4	5	6	7
I always have to pay a bit more for the best	1	2	3	4	5	6	7
I usually have one or more outfits of the very new style	1	2	3	4	5	6	7
I would pay more for a brand if it has status	1	2	3	4	5	6	7
I like people that have self-control	1	2	3	4	5	6	7

I strongly believe that…	Is wrong						Is not wrong
Not saying anything when the waitress miscalculates the bill in your favor…	1	2	3	4	5	6	7
Changing price-tags on merchandise in a store…	1	2	3	4	5	6	7
Getting too much change and not saying anything…	1	2	3	4	5	6	7
Drinking a can of soda in a store without paying for it...	1	2	3	4	5	6	7
Recording an album instead of buying it…	1	2	3	4	5	6	7
Giving misleading price information to a clerk for an unpriced item…	1	2	3	4	5	6	7
Returning damaged merchandise when the damage was my fault...	1	2	3	4	5	6	7
Taking an ashtray or other 'souvenir' from a hotel or restaurant…	1	2	3	4	5	6	7
Using computer software or games I did not buy…	1	2	3	4	5	6	7
Not telling the truth when negotiating the price of a new automobile…	1	2	3	4	5	6	7
Lying about a child's age to get a lower price (e.g., airline fare)…	1	2	3	4	5	6	7

I strongly believe that…	Never true						Always true
I will not buy a brand that uses deceptive advertising.	1	2	3	4	5	6	7
I do not buy brands that discriminate against minorities.	1	2	3	4	5	6	7
I try to purchase brands that make donations to charity.	1	2	3	4	5	6	7
I do not buy brands involved in a labor dispute.	1	2	3	4	5	6	7
I do not buy brands which use advertising that depicts minority groups in a negative way.	1	2	3	4	5	6	7
I do not buy table grapes because of the condition under which the workers who pick them must live.	1	2	3	4	5	6	7
In the past, I have not purchased a brand because its advertising depicted women in a negative way.	1	2	3	4	5	6	7
I do not buy brands that have investments in South Africa.	1	2	3	4	5	6	7

Section 2. LUXURY BRAND SHOPPING

Please select **ONE brand** for handbag/wallet that you have purchased in the past (or would like to purchase in the future) FOR YOURSELF. Also select **ONE** out of handbag and wallet for the brand you selected.

Brand (check ONLY one)			Product Type of the selected brand (check ONLY one)
_____ Burberry	_____ Gucci	_____ Hermes	_____ Handbag
_____ Prada	_____ Louis Vuitton	_____ Other luxury brand (please specify)	_____ Wallet

Section 3. PRODUCT-SPECIFIC SHOPPING

Please mention the **product type** selected above: _____. Based on **THIS PRODUCT TYPE**, please **circle** the number that indicates your level of **agreement** or **disagreement** with the following statements.

I believe that…	**Strongly Disagree**						**Strongly Agree**
I know that a new kind of style in THIS PRODUCT TYPE is likely to be more expensive than older ones, but that does not matter to me.	1	2	3	4	5	6	7
I don't mind spending a lot of money to buy THIS PRODUCT TYPE.	1	2	3	4	5	6	7
I don't mind paying more to try out a new style of THIS PRODUCT TYPE.	1	2	3	4	5	6	7
THIS PRODUCT TYPE is worth paying a lot of money.	1	2	3	4	5	6	7
I am less willing to buy THIS PRODUCT TYPE if I think that it will be high in price.	1	2	3	4	5	6	7
In general, the price or cost of buying THIS PRODUCT TYPE is important to me.	1	2	3	4	5	6	7

Section 4. REPLICA LUXURY BRAND SHOPPING

Based on your selection in Section 2, please mention the Brand _____and Product Type _____

In this section, **a branded product type** refers to the above mentioned branded product category. Please read the following fictitious scenario.

Imagine yourself in a store. You like this branded product type in the store which has exceptional quality, design, and craftsmanship, and costs about $850. You give it a close look and think, may be you will buy it sometime later! As you walk further down the market, you come across an almost authentic high quality REPLICA of this branded product type that you liked in the store. It has all the details and color schemes of the authentic branded product type, is made of quality material, and is priced at $150. Even though this product looks like the real product, the brand name and logo on it has been used without the permission of this brand company.

In the following statements, **a REPLICA branded product type** refers to the **high quality look-alike of the original branded product type sold at significantly lower price**. Please **circle** the number that indicates your level of **agreement** or **disagreement** with the following statements.

Buying **a REPLICA branded product type** is…	**Strongly Disagree**						**Strongly Agree**
Good	1	2	3	4	5	6	7
Pleasant	1	2	3	4	5	6	7
Wise	1	2	3	4	5	6	7
Useful	1	2	3	4	5	6	7
Attractive	1	2	3	4	5	6	7

I think that…	**Likely**						**Unlikely**
If I want to, I can buy **a REPLICA branded product type** even if I had not planned to.	1	2	3	4	5	6	7
Even if I had a good reason, I would not buy **a REPLICA branded product type**.	1	2	3	4	5	6	7

I think that…	**Easy**						**Difficult**
For me, to buy **a REPLICA branded product type** is	1	2	3	4	5	6	7

If you consider buying **a REPLICA branded product type**, there might be individuals or groups (e.g., friend, spouse, parents, and siblings) who would think you should or should not buy that branded product. If any such individuals come to your mind when you think about buying **a REPLICA branded product type,** please list him/her here _____.

For the following questions, this individual (or group) will be referred to as **THIS PERSON.**

I think that…	**Approve**						**Disapprove**
If I bought **a REPLICA branded product type**, THIS PERSON would…	1	2	3	4	5	6	7

I think that…	**Agree**						**Disagree**
THIS PERSON thinks it is OK to buy **a REPLICA branded product type**	1	2	3	4	5	6	7

I think that…	**Likely**						**Unlikely**
THIS PERSON will look down on me if I buy **a REPLICA branded product type**.	1	2	3	4	5	6	7

Section 5. INTENTIONS

Please mention the brand and product type mentioned in the above section. Brand _____ Product type _____
In this section, **a REPLICA branded product type** refers to the **high quality look-alike of the ORIGINAL branded product type sold at significantly lower price**. Please **circle** the number that indicates your level of **disagreement** or **agreement** with the following statements.

	Unlikely						**Likely**
If I had an opportunity, I would buy **a REPLICA branded product type** in the future.	1	2	3	4	5	6	7
If I had an opportunity, I would buy **an ORIGINAL branded product type** in the future.	1	2	3	4	5	6	7

	False						**True**
I would never buy **a REPLICA branded product type** in the future.	1	2	3	4	5	6	7
I would never buy **an ORIGINAL branded product type** in the future.	1	2	3	4	5	6	7
I may buy **a REPLICA branded product type** in the future.	1	2	3	4	5	6	7
I may buy **an ORIGINAL branded product type** in the future.	1	2	3	4	5	6	7

SECTION 6. GENERAL INFORMATION

The following questions will be used for descriptive purpose only. Please check the best answers for the following questions.

What is your age? ____ What is your gender? ___ MALE ___FEMALE

Which of the following best describes your racial or ethnic identification?

___ African American ___ Caucasian/ White ___ Hispanic

___ Native American ___ Asian or Pacific Islander ___ Other (specify)

What is your academic standing?

___ Freshman ___ Sophomore ___ Junior

___ Senior ___ Graduate Student ___ Other (specify)

Quote Date	4/8/2010
Quote Number	SFO-149066
Prepared for	The University of Tennessee
Project Name	Purchased handbags and/or wallets

Background and Purpose

- The University of Tennessee is interested in conducting a U.S. focused research survey.
- Fielding this research using targeted e-mail is both a viable and preferred alternative.
- This research would involve obtaining completed online surveys from qualified targets using the e-Rewards® Market Research panel.

Sampling Plan

Qualifying Criteria

- Respondents must have purchased handbags and/or wallets in the past 3 years

No other criteria, balancing, or normalization requirements exist besides those listed in this document.
N=500

Project Responsibilities

- The University of Tennessee will provide the survey methodology, survey design, and qualifying question syntax to e-Rewards.
- e-Rewards will be responsible for sending targeted respondents an e-mail that invites them to complete a full survey in return for e-Rewards incentives.
- The University of Tennessee will be responsible for testing and approving the survey prior to e-Rewards launching to targeted respondents.
- The University of Tennessee will be responsible for programming and hosting the survey.
- The University of Tennessee will be responsible for returning the unique URL identifiers for those respondents who complete the The University of Tennessee hosted survey.
- The University of Tennessee will be responsible for collection of the survey response data and all survey data analysis and other data interpretation/ presentation work.
-

Cost Estimate Assumptions

Product	Target Description	Country	N=	LOI (Mins.)	Incidence	Unit Price	Total:
Consumer Sample	Purchased handbags and/or wallets	US	500	8-10	80.0%	$3.75	$1,875

Incentives included

All costs and deliverability commitments are based upon the lowest projected incidence among targeted sample. If incidence
falls below the lowest projected incidence OR if additional qualifying criteria are added, e-Rewards may work towards the desired number of completes on a best efforts basis but additional costs may be involved.

A 10% survey incompletion rate is included in project costs and feasibility. If more than 10% of qualified respondents do not
complete the survey for any reason, costs and feasibility may change.
Other options can be quoted upon request
Pricing and Available Counts are Valid for 90 Days

Appendix D: IRB FORM A

Certification for Exemption from IRB Review for Research Involving Human Subjects

A. PRINCIPAL INVESTIGATOR(s) and/or CO-PI(s) (For student projects, list both the student and the advisor.)**:**

Vertica Bhardwaj (PI)
Dr. Youn Kyung Kim (Major advisor).

B. DEPARTMENT:

Retail, Hospitality, and Tourism Management

C. COMPLETE MAILING ADDRESS AND PHONE NUMBER OF PI(s) and CO-PI(s):

1215 West Cumberland Avenue
110 Jessie Harris Building
University of Tennessee
Knoxville, TN

D. TITLE OF PROJECT:
Consumption of counterfeit brands in U.S: Application of Theory of Planned Behavior

E. EXTERNAL FUNDING AGENCY AND ID NUMBER (if applicable)**:**
F. GRANT SUBMISSION DEADLINE (if applicable)**:**

G. STARTING DATE (NO RESEARCH MAY BE INITIATED UNTIL CERTIFICATION IS GRANTED.)**:**

Upon IRB approval

H. ESTIMATED COMPLETION DATE (Include all aspects of research and final write-up.)**:**

July 2010

I. RESEARCH PROJECT

1. Objective(s) of Project (Use additional page, if needed.)**:**

Buying and selling of fake or counterfeit products at lower prices, quality, and performance without the permission of the brand owner has grown significantly worldwide that has become a serious subject of global concern. Counterfeiting exists in almost all product categories including clothing and accessories, pharmaceuticals, automotive parts, cosmetics, electronics such as television sets and mobile phones, software, media, and even currency. According to The International Anti Counterfeiting Coalition, about $600 billion of sales and revenues is lost in world trade per year, which makes about 7-10% of the total world trade. Most recently, the U.S. Commerce Department estimated that piracy and counterfeiting results in loss of U.S. businesses worth $250 billion annually. Unlike counterfeit automotive parts, drugs, or pharmaceutical products, counterfeit fashion products do not cause any physical harm to consumers. However, they tarnish companies' most valuable and intangible assets such as 'intellectual property' and 'brand' by erosion of equity, reputation, and positioning in the market, which results in loss of consumer trust and confidence in the company. With an increasing success of counterfeiting, brand owners and managers usually confront issues about ways to prevent the huge losses in business profits, brand dilution, and consumer trust by curbing the fast growing crime of counterfeiting.

The most common reason to buy counterfeit brands is their low and affordable prices. However, studies indicate that consumers with higher income also tend to involve themselves in buying counterfeit products, indicating that price is not the only reason that can explain the demand of counterfeit products. As the extent of counterfeiting is increasing in almost every industry, it becomes critical to develop measures to prevent manufacturing and selling of counterfeit products. There also exists a need to further understand the reasons for consumer demand and desire for consumption of counterfeit products. Hence, the aim of this study is to develop an in-depth understanding of factors that shape the attitudes and intentions that finally lead to consumer misbehavior through purchase and consumption of counterfeit brands. Specifically, this study investigates consumers' behavioral intention to buy counterfeit brands based on their consumer orientation (social and personal), attitude toward buying counterfeit brands, subjective norm (a person's perception of the social pressure to perform the behavior in question), and perceived control of behavior (a person's belief as to how easy or difficult the performance of the behavior is likely to be).

The specific objectives of this study are:

a) To investigate the influence of social consumer orientation on attitude toward buying counterfeit brands and subjective norm.

b) To investigate the influence of personal consumer orientation on attitude toward buying counterfeit brands, subjective norm, and perceived control of behavior.

c) To explore the influence of attitudes toward buying counterfeit brands, subjective norm, and perceived control of behavior on intentions to buy a counterfeit and an original brand in the future.

d) To understand how attitudes mediate the influence of consumer orientation on behavioral intentions.

e) To explore the role that price sensitivity plays as a moderator between attitudes toward buying counterfeit brands and intentions to buy a counterfeit brand and an original brand.

2. Subjects (Use additional page, if needed.)**:**

The sampling frame will constitute the consumers in the online panel of e-Rewards, a U.S. marketing research firm specializing in consumer surveys. Those consumers who comprise the online panel will be contacted and receive the survey if they agree to participate in the study. The subjects (N= 400 approximately) will consist of both the consumers who have experience in purchasing handbags or wallets of original and/or counterfeit brands (or have acquaintance with those who have bought counterfeit brands) and those who have no past experience related to the purchase of counterfeit brands. For the subjects without any prior experience in purchase of counterfeit brands, a scenario has been developed before they answer to the questionnaire. Pre-test will be conducted by 100 undergraduate students majoring in Retail & Consumer Sciences. Data collection will be based on completely voluntary basis with no penalty from withdrawal. Please see attached the survey for this study.

The descriptive of the scenario to be used in the study is presented below.

The following is a fictitiously created scenario that includes an original luxury branded product and its look-alike high quality look-alike product.

Imagine yourself in ABC (brand selected by the subject) store. With an exceptional quality, design, and craftsmanship, you like a **ABC handbag** that costs about **$850**. You give it a close look and think, may be you will buy it sometime later! As you walk further down the market, you come across an almost authentic **high quality look-alike** of the handbag that you liked in ABC store. It has all the details and color schemes of the authentic ABC handbag, is made of quality material, and is priced at **$150**. Even though this product looks like the real product, the brand name and logo on it have been used without the permission of ABC management.

3. Methods or Procedures (Use additional page, if needed.)**:**

The survey for the study will be used upon informed consent by the respondents and will provide detailed information about the research to them. The respondents will be ensured that there will be no breach of their confidentiality. The survey will be easy to interpret by the participants and will have no troubling ethical questions. In order to enhance the ease of interpretation of the questionnaire, a group of experts (academic researchers and doctoral students) specializing in Retail, Hospitality, and Tourism Management will evaluate the survey items generated from the literature review. They will evaluate the items in terms of clarity, readability, and content validity. In addition, two undergraduate students in Retail and Consumer Sciences will be asked to evaluate the items in terms of ease of readability and clarity. Revisions will be made based on the feedbacks. Pre-test will be conducted to refine and validate the measurement items.

The participation in the survey will be on a voluntary basis and the participants may decline to participate without penalty. Also, participants will be informed that they can withdraw from the study at anytime if they decide to do so. In that case, the incomplete surveys will be destroyed. All the completed responses will be held in confidence and kept in. This study will have no greater than minimal risks associated.

A preliminary analyses including evaluation of normality, means, standard deviation, and outliers will be performed. Specifically, after removal of the missing values, the data will be subjected to outlier, skewness, kurtosis, and linearity analysis will be performed by checking the correlations between all items used in the questionnaire.

The scales will be analyzed in terms of their reliability through internal consistency (cronbach's alpha) and composite reliability. The validity of the scale items will be checked by convergent and discriminant validity. The convergent validity of each construct will be confirmed by the average variance extracted (AVE) values (i.e., the amount of variance explained by the construct relative to the amount of attributed to measurement error). The discriminant validity will be performed by comparing the share variance between each pair of construct with the average variance extracted in each one of the pair.

The proposed model for this study will be tested by a maximum likelihood estimation procedure using structural equation modeling (SEM) with AMOS graphics version 16.0. The main analysis for the data will be based on the two-step approach. This approach includes establishing the measurement models and the structural model. For measurement model, confirmatory factor analysis will be done with an objective to assess the applicability of the scale items for each construct used in the study. Then, the structural model will be estimated and assessed by a chi square statistics, chi-square/degree of freedom ratio (CMIN/DF), comparative index (CFI), and root mean square error of approximation (RMSEA). Since chi-square is sensitive to the sample size in the study, relative chi-square (chi-square/degree of freedom) will also be examined. The moderating effect of price sensitivity will be tested through multiple group SEM analyses by splitting the data set into sub-samples based on the respondents' score on the moderating variable.

To summarize, confirmatory factor analysis (CFA) will validate the measurement model and the structural equation model will test the hypothesized relationships among the variables in this study. The hypotheses will be tested after evaluating the overall fit of the model.

4. CATEGORY(s) FOR EXEMPT RESEARCH PER 45 CFR 46 (See instructions for categories.)**:**
Category #2: Research involving the use of educational tests (cognitive, diagnostic, aptitude, achievement), survey procedures, interview procedures or observation of public behavior, **unless**: (i) information obtained is recorded in such a manner that human subjects can be identified, directly or through identifiers linked to the subjects; **and** (ii) any disclosure of the human subjects' responses

outside the research could reasonably place the subjects at risk of criminal or civil liability or be damaging to the subjects' financial standing, employability, or reputation.

J. CERTIFICATION: The research described herein is in compliance with 45 CFR 46.101(b) and presents subjects with no more than minimal risk as defined by applicable regulations.

Principal Investigator: Vertica Bhardwaj
Student Advisor: Dr. Youn Kyung Kim
Department Review Committee Chair: Dr. Rachel Chen
APPROVED by Department Head: Dr. Nancy Rutherford

COPY OF THIS COMPLETED FORM MUST BE SENT TO COMPLIANCE OFFICE IMMEDIATELY UPON COMPLETION.

VITA

Vertica Bhardwaj was born in New Delhi, India on May 5, 1983 and graduated from Delhi Public School in 2001. She received a Bachelor of Sciences in Fashion and Apparel from The Technological Institute of Textiles and Sciences (T.I.T & S), India. Following her graduation, Vertica went for further studies and received Master of Sciences in Fashion Technology from National Institute of Fashion Technology (NIFT), New Delhi.

After working for some time in a formal men's wear export house, she began her doctoral degree studies from the University of Tennessee in 2007. During her doctoral studies, she was awarded Bernadine Meyer development Scholarship and Ida A. Anders Scholarship besides graduate teaching assistantship from the College of Education, Health, and Human Sciences. Her research interests include consumer behavior, social responsibility and ethics in apparel industry, international retailing, and brand management. She has published her research in several peer-reviewed journals including Journal of Global Marketing (JGM), International Review of Retail, Distribution, and Consumer Research (IRRDCR), and International Journal of Retail and Distribution Management (IJRDM).

Upon completion of her doctoral studies, she moved to Austin, Texas.